Ministry of
Government
Services

Ministère des Services
Gouvernementaux

Registration Division
Division de l'enregistrement

2006

Annual Charge Book
Cahier des charges
Standard charge terms
Clause types de charge

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Division de l'enregistrement
Ministère des Services Gouvernementaux

STANDARD CHARGE TERMS 2006 - CLAUSES TYPES DE CHARGE DEPOSEES EN 2006

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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by: **CERVUS FINANCIAL CORPORATION**

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

1. DEFINITIONS:

In this set of standard charge terms:

"Act" means the Land Registration Reform Act, R.S.O. 1990, C.L.4, (as amended or replaced);

"adjustment date" means the date on which an interest adjustment occurs on an adjustable rate mortgage;

"borrower, **you** and **your"** means each person who signs the mortgage as chargor(s);

"CMHC" means Canada Mortgage and Housing Corporation;

"default" is when the mortgage is in arrears;

"GENW" means Genworth Financial Canada, previously known as "GEMI" meaning GE Capital Mortgage Insurance Company (Canada);

"interest adjustment date" means the date specified as the interest adjustment date in the registered document;

"lender, **we**, **our** and **us"** means Cervus Financial Corporation, or any other subsidiary of Cervus Financial Corporation as chargee;

"loan amount" means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;

"mortgage or charge", when used as a noun, means a Charge/Mortgage of Land, any schedules attached to it, any renewals or amendments and this set of standard charge terms;

"paragraph" refers to a numbered paragraph in this set of standard charge terms;

"principal amount" means the amount set out in the registered document;

"registered document" means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give this mortgage and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act;

"schedule" means any schedule attached to the Charge/Mortgage of Land; and

"your property" means the land described in the registered document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements. If the property is a condominium unit, "your property" includes the common elements and any other interest that you may have in the assets of the Condominium Corporation, and references to "your property" mean all or any part of it.

2. EXCLUSION OF STATUTORY COVENANTS

The covenants set out in section 7(1) of the Act are excluded from the mortgage.

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3. OUR LOAN TO YOU

In return for our lending you the principal amount or such portion of the principal amount as is advanced to you from time to time (which by signing and delivering the mortgage you acknowledge having received from us):

(a) if you are the owner of your property, you charge your entire interest in your property to us; or

(b) if you are a tenant or lessee of your property under a lease, you charge and sublease your entire interest (including any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us,

in either case to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage.

Our interest in your property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage.

4. FIXED INTEREST RATE (Applicable only to Fixed Rate Mortgages)

The interest rate payable by you is specified in the registered document. Interest is payable at the frequency set out in the registered document and calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period commencing on the interest adjustment date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date, default and judgment, until the loan amount has been paid in full.

5. ADJUSTABLE RATE MORTGAGE (Applicable only to Adjustable Rate Mortgages)

(a) Interest Rate

The interest rate payable by you under the mortgage is an adjustable rate which will automatically be adjusted monthly, with the first adjustment occurring on the first day of the month following the interest adjustment date (every day on which an adjustment is made is referred to herein as an "adjustment date") and on the first day of each month thereafter. On each adjustment date, the interest payable for the next monthly period will equal the Prime Rate less or plus the amount stated in the mortgage provided the mortgage is not in default. The interest rate will change on each adjustment date to reflect changes in the Prime Rate without any notice to you. Within a reasonable time after each change in the interest rate, we may mail to you, at your last known address according to our records, a notice of the changed interest rate and its effective date. The interest rate will vary in accordance with this paragraph even if we fail to send this notice or you fail to receive it.

For the purposes of this paragraph 5, the term "Prime Rate", means on any day, the annual rate of interest which the Royal Bank of Canada establishes at its principal office in Toronto as the reference rate of interest to determine interest rates it will charge on such day for commercial loans in Canadian dollars made to its customers in Canada and which it refers to as its "prime rate of interest".

The interest rate on this mortgage is calculated monthly not in advance and payable monthly as herein set forth, as well as before maturity and both before and after default.

(b) Payment Amount

(i) Adjustable Rate Mortgage – Fixed Payment

The amount of the monthly payment as at the date of advance of funds is set out on page one of this mortgage and at an amortization period which you have agreed to, which is based upon the current interest rate for a fixed three or five year term. The amount of the monthly payment will be fixed for the term of the mortgage. If the amount of any monthly installment paid by you is insufficient to pay the interest accrued under the mortgage at the time such installment is paid, the accrued interest which remains unpaid shall itself bear interest (which is referred to as compound interest) at the adjustable mortgage rate until paid. In those instances where, due to a change in the adjustable mortgage rate, the monthly installments of principal and interest paid by you are less than the actual amounts owed by you, we may notify you of the amount of such excess and you shall, at our request, pay to us an amount equivalent to such excess. We shall also have the right to increase your monthly installments for the remainder of the term of the mortgage to an amount determined by us to cover further fluctuations in the adjustable mortgage rate.

(ii) Adjustable Rate Mortgage – Adjustable Payment

The amount of the monthly payment as at the date of advance of funds is set out on page one of this mortgage and at an amortization period which you have agreed to, which is based upon the current interest rate for adjustable rate mortgage. The amount of the monthly payment will be adjusted each time the interest rate of the adjustable rate mortgage changes and will be calculated based on the then current principal balance and the original amortization period less the months under repayment. If the amount of any monthly installment paid by you is insufficient to pay the interest accrued under the mortgage at the time such installment is paid, the accrued interest which remains unpaid shall itself bear interest (which is referred to as compound interest) at the adjustable mortgage rate until paid.

(c) Conversion

You, when never having been in default under the terms of this mortgage shall have the option at any time during the initial term of this mortgage, of converting to a fixed rate mortgage with a term equal to the remaining term. The mortgage will be converted for the remaining term on the original mortgage upon receipt of a written request made by you and delivered to our head office located in the Province of Ontario. The interest rate for the converted mortgage shall be based on our prevailing posted interest rates in effect on the date the written request for conversion is received by us. The conversion to a fixed rate mortgage will take effect on the next adjustment date applicable under the mortgage following receipt by us of the written request of conversion to a fixed term.

6. COMPOUND INTEREST

If you do not make the regular mortgage payment or other payment when required by the mortgage, we will charge interest, at the rate provided for in the mortgage (called "compound interest") both before and after the balance due date set out in the registered document, default and judgment on all overdue amounts (including interest). You must pay this additional interest immediately when we require, both before and after the balance due date, default and judgment.

7. PROVISIONS REGARDING ALTERNATE PAYMENT FREQUENCIES

Notwithstanding the monthly payment dates set out elsewhere in this mortgage document, in the event you elect to make payments more frequently as permitted, the following provisions shall apply:

(a) If you elect an **Accelerated Weekly Payment Schedule** you shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/4 of the regular monthly installment, payable on the 7th day following the interest adjustment date and on every 7th day thereafter.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

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In addition to our other rights and remedies, if at any time you are in default in the payment of an amount which equals or exceeds two (2) weekly payments, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

(b) If you elect an **Accelerated Bi-Weekly Payment Schedule** you shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/2 of the regular monthly installment, payable on the 14th day following the interest adjustment date and on every 14th day thereafter.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you are in default in the payment of an amount which equals or exceeds one (1) bi-weekly payment, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

(c) If you elect a **Semi-Monthly Payment Schedule** you shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/2 of the regular monthly installment, payable on the 1st day and the 15th day of each month commencing with the first such day following the interest adjustment date.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you shall be in default in the payment of an amount which equals or exceeds one (1) semi-monthly payment, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

8. REPAYMENT OF LOAN AMOUNT

(a) Currency and Place

You will pay the loan amount to us in Canadian Dollars, at the address set out in the registered document or as you may be notified in writing.

(b) Interest Adjustment Date

(i) Fixed Rate Mortgages: Interest on advances up to the interest adjustment date will be calculated semi-annually not in advance at the rate specified in the registered document in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date.

(ii) Adjustable Rate Mortgages: Interest on advances up to the interest adjustment date will be calculated monthly at the rate specified in the registered document in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date.

(iii) Accrued interest on progress advances, if this is a building mortgage, up to the interest adjustment date established for the initial term of the mortgage, shall be calculated daily and charged monthly, and may without adjustment be retained out of the proceeds of each subsequent advance of the mortgage. Where more than 30 days elapses between advances, interest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the mortgage, will be deducted from the last substantial advance.

(c) Regular Payments

You will make regular payments of principal and interest to us on the payment dates specified in the registered document each in the amount specified in the registered document starting with the first payment date until and including the last payment date. You will pay the outstanding balance of the loan amount on the balance due date as set out in the registered document.

(d) Payment Provisions on Default

If you fail to make any payment or do not meet any of your other obligations under the mortgage, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest and taxes and life insurance premiums (if applicable) on a monthly basis.

In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 18.

(e) Bank Account for Payments

You must maintain an account of a type satisfactory to us with a branch of a bank, trust company or credit union and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and life insurance premiums applicable) when due. You must make sure that the account always contains sufficient funds to make each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then processing fees for any actions which we have to take under this paragraph 8.

9. HOW WE APPLY YOUR PAYMENTS

Each of your regular payments will be used in the following order to pay: a) collection expenses, if any; b) life insurance premium, if any; c) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the mortgage, including tax accounts (the "escrow accounts"); d) to pay interest or reduce the interest on the principal amount accumulated to but not including the payment date; and e) to reduce the principal amount. However, if you do not meet any of your obligations under the mortgage we may apply your payment or any other money we receive towards any part of the outstanding loan amount we choose.

10. YOUR PREPAYMENT RIGHTS

This mortgage is closed. However, when not in default of any of the terms, covenants, conditions or provisions contained in the mortgage, you shall have the following privileges for payment of extra principal amounts:

(1) During each calendar year following the advance of funds you may, without penalty:

(i) make prepayments totalling up to twenty percent (20%) of the original principal amount of the mortgage;

(ii) increase the monthly payment by a total up to twenty percent (20%) of the then current monthly payment

These privileges shall not be cumulative and do not apply if you are prepaying more than twenty percent (20%) of the original principal amount of the mortgage, even if you have not used the privilege in the calendar year in which the prepayment is made.

(2) At our option, you may prepay the mortgage at any time upon payment of a penalty equal to the GREATER of:

(i) the interest differential based on the difference between the current interest rate of the mortgage and our prevailing posted interest rates interpolated for the remaining term, calculated over the term remaining on the original mortgage, all as determined by us at our sole direction; or

(ii) three (3) months interest penalty calculated at the current interest rate of the mortgage.

11. CERTAIN PROMISES YOU MAKE TO US

(a) You certify and agree with us that:

(i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us or the tax office as applicable and will comply with all other obligations of the mortgage;

(ii) unless you are the tenant or lessee of your property, you are the lawful owner of your property and there are no encumbrances affecting title to your property;

(iii) you have the right to give us the mortgage;

(iv) there are no limitations affecting title to your interest in your property except for any restrictions registered in the land titles/registry office and except for building and zoning by-laws, with which you have complied;

(v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

- no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and

- no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property.

We may (but are not obligated to) require you, at your expense, to obtain an environmental audit of all or any part of your property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph;

(vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;

(vii) if you default in any of your obligations under the mortgage, we will have possession of your property without any encumbrances or interference;

(viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property.

(b) If you are a tenant or lessee of your property, you also certify and agree with us that:

(i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good leasehold title to your property;

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(ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or lessor, or you have the right without his consent, to charge your interest in the lease to us;

(iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the land titles office and except for building and zoning by-laws, with which you and your landlord have complied;

(v) you will pay rents and other payments required by the lease as they fall due;

(vi) you will comply with all your other obligations set out in the lease;

(vii) you will not surrender the lease or cause it to be terminated;

(viii) you will not make any change in the lease without first obtaining our written consent;

(ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease has been fully charged to us and that the loan amount is adequately secured;

(xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph 11(b)(xii) as you already have under other provisions of the mortgage and at law;

(xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the mortgage, particularly those referred to in paragraph 23(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;

(xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 23 and, in particular, under paragraph 23(a)(iv);

(xv) we may remove you or any other person as trustee of the trust referred to in paragraph 11(b)(xiii) and appoint a new trustee or trustees.

12. DEMOLITION AND ALTERATIONS

(a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

(b) The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of payment and compliance with governmental requirements and building standards when requested. You must retain all required holdbacks. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we will add them to the loan amount.

13. INSURANCE (Paragraph 13 does not apply if your property is a single residential condominium unit)

(a) You must insure and keep insured all buildings, structures, fixtures and improvement on your property for not less than their full replacement value in Canadian dollars until the mortgage has been discharged. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property then you must also insure and keep insured, until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

(b) All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, let us have certified copies of every insurance policy and not less than 15 days before any policy expires, evidence of its renewal.

(c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and bear interest at the rate specified in the registered document.

(d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:

(i) used to repair or rebuild your property;

(ii) paid to you; and/or

(iii) used to reduce any part of the loan amount, whether due or not, and including an amount to compensate us for loss of interest.

14. PROPERTY TAXES

(a) "taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties.

(b) Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay or to anticipate future payments of taxes.

(c) After the interest adjustment date, you agree to pay to us, on each date on which a regular mortgage payment of principal and interest is payable, the applicable tax installment calculated as below, based on the estimated annual taxes (as determined by us) that will be payable for the year following such regular mortgage payment date. The amount of each tax installment shall be:

(i) if the payments of the principal and interest are weekly: estimated annual taxes x 7/365

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(ii) if the payments of the principal and interest are bi-weekly: estimated annual taxes x 14/365

(iii) if the payments of the principal and interest are semi-monthly: estimated annual taxes x 1/24

(iv) if the payments of the principal and interest are monthly: estimated annual taxes x 1/12

(d) If you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you will pay to us an appropriate amount in addition to the amount referred to in paragraph 14(c). If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them. W e do not have to hold any moneys which you send us under this paragraph 14 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If you do not comply with any of your obligations under the mortgage, we may if we wish, apply any moneys which we have received under paragraph 14 to any portion of the loan amount.

(e) Property Taxes

Notwithstanding any proviso or covenant contained elsewhere herein, as a condition of us (in our sole discretion, but not under any obligation to do so) permitting you to pay the property taxes directly to the local taxing authority, you covenant and agree to pay the property taxes directly to the local taxing authority, you covenant and agree to pay taxes as and when the taxes become due and to submit to us tax receipts evidencing the payment of the said taxes within 30 days after they become due and you further agree that we may revoke this permission at any time, in which event paragraphs 14(a) through (d) will apply.

15. REPAIRS

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property.

You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this paragraph then we can make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are payable by you immediately and if not paid, will be added to the loan amount.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

16. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in the registered document then we do not have to do so. This applies even if the mortgage has been registered and whether or not any part of the principal amount has previously been advanced. Even so, you have charged all of your interest in your property to us and you will pay us, on demand, all of our costs, including lawyers' fees (on a solicitor and client basis) and expenses, for investigating title to your property and for registering the mortgage.

17. LEASES AND RENTS

(a) If your property is intended to be used as owner-occupied residential premises you certify and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to do at our option.

(b) If your property is a rental property and we have consented to such rental, you hereby assign to us all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents payable under such leases and agreements; and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease).

(c) If you lease in the future any part of your property to another person or persons with our written approval then, upon our request, you will:

- execute and deliver to us an assignment in registerable form acceptable to us of all leases, lease agreements and their renewals, rents payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment may, at our option, include a provision for estoppel certificates from tenants and/or specific assignments of leases; and
- give us security on chattels, fixtures and equipment as we may reasonable require.

You must pay all of our expenses, including legal fees and registration costs, relating to such additional security.

(d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 17, then at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

(e) Nothing we do under this paragraph 17 will put us in possession of your property and we are not obliged to collect any rent or income from your property or to comply with any term of any lease or agreement.

(f) Rental of any part of your property without our written approval shall be considered to have been done to discourage us from taking possession of your property if you are not complying with any of your obligations under the mortgage or adversely affecting the value of our interest in your property within the meaning of section 52(1) of the Mortgages Act, R.S.O. 1990, c.M.40 (as amended or replaced).

18. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, if:

(a) you do not make any payment required by the mortgage;

(b) you do not comply with any of your other obligations under the mortgage;

(c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph 11) is untrue;

(d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered on title to your property;

(e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days; or

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(f) your property is abandoned;

(g) if any of you or any guarantor makes an assignment for the benefit of your creditors, makes a proposal or otherwise takes advantage of provisions for relief from creditors under the *Bankruptcy and Insolvency Act* or similar legislation in any jurisdiction or any proceeding is instituted against you or any guarantor seeking to have an order for relief entered against any of you as debtor or to adjudicate any of you as bankrupt or insolvent;

(h) a receiver of all or any part of the property is appointed;

(i) a writ of execution against the property remains unsatisfied for a period of five (5) days;

(j) the holder of any other charge, lien or claim against the property does anything to enforce or realize on its claim;

(k) all or any portion of the property is expropriated;

(l) if you or any guarantor dies or is declared incompetent to manage your, his or her affairs; or

(m) you sell, transfer or convey your interest in the property without our prior written consent.

We have the right to forgive any particular default by you but if we do so we are not forgiving any other existing default or one or more which may occur in the future.

19. BUILDING MORTGAGE

If the mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications which we have approved and to complete the improvement as quickly as possible.

Subject to paragraph 16, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale.

Whatever the purpose of this mortgage, we may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the Construction Lien Act, R.S.O. 1990, c.C.30 (as amended or replaced) have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

20. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

21. RENEWING OR AMENDING THE MORTGAGE

(This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended with or without penalty by written agreement(s) with you, with or without any increase in the interest rate. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as renewed or amended, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to your property after the mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such written agreement.

Renewal of Mortgage: In the event that we do not receive your instructions regarding the renewal of the mortgage by the maturity date set out in the registered document, the mortgage will be automatically renewed into a five year Adjustable Rate Mortgage with adjustable payments.

22. CERTAIN ACTIONS WE CAN TAKE

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant or lessee, under a lease of your property we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur so doing.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged interest at the rate specified in the registered document from the date we pay them. Any interest which accrues as a result of changes requested by you to frequency of payments or to the regular payment date will be paid by you or added to the loan amount and charged interest at the rate specified in the registered document

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

23. ENFORCING OUR RIGHTS

(a) **Remedies**. If you do not make any payment when required under the mortgage, have misrepresented personal and/or credit information required to grant the mortgage, or do not comply with any of your other obligations under the mortgage,

If you or any guarantor dies or is declared incompetent to manage your, his or her affairs we may enforce any one or more of the remedies listed below in any order.

Our remedies are:

(i) **Sue you**. We may take such action as is necessary to collect the loan amount.

(ii) **Foreclosure or Sale**. We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, ;our property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(iii) **Lease Your Property**. If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

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(iv) **Power of Sale**. If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the Mortgages Act enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may apply the net proceeds of any sale to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(v) **Enter on Your Property**. We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount.

(vi) **Appoint a Receiver**. We can appoint, in writing a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage and pay all or any part of the loan amount whether it is due or not.

(vii) **Cure Any Defaults**. We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

(b) **Non-interference**. If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

(c) **Our expenses**. All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a solicitor and client basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees.

(d) **Delay in Enforcement**. Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

(e) **Judgments**. If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

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24. CONDOMINIUM

(If your property is a condominium unit, you must also comply with paragraph 24 in addition to all other provisions of the mortgage. You do not, however, have to comply with paragraph 13.)

The corporation created by the registration of a declaration under the Condominium Act 1998, S.O. 1998, c.19 (as amended or replaced) is called the "condominium corporation".

(a) **Compliance with the Condominium Act, etc**. You will comply with the Condominium Act and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

(b) **Payment of Amounts and Common Expenses**. You will pay all amounts required by the Condominium Act and by the declaration and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments which you are obligated to pay, we may do so on your behalf and you will be in default under the mortgage.

(c) **Notices and Demands**. You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

(d) **Voting Rights**.

(i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the Condominium Act to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Condominium Act to the condominium corporation.

(ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

(e) **Acceleration of Repayment of Loan Amount**. At our option, the loan amount will become payable immediately if:

(i) government of the property of the condominium corporation under the Condominium Act is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of common elements;

(iii) the condominium corporation fails to comply with the Condominium Act, declaration, by-laws or rules and regulations;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage and other perils usually insured against for full replacement cost;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

(f) **Insurance**. Under the Condominium Act, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require. The insurance company or companies must be approved by us. You and the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation or both fail to keep the buildings and improvements insured or provide us at least fifteen days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements. You must, if we ask for them, give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

(g) **Parking.** In the event that you sell, transfer, assign or convey any parking unit(s) encumbered by the mortgage while retaining title to (or ownership of) the dwelling unit so encumbered by the mortgage, or in the event that you sell, transfer, assign or convey the aforementioned parking unit(s) as well as the said dwelling unit but to different purchasers, transferees or assignees, then in either case the total outstanding principal and interest indebtedness secured by the mortgage shall become due and payable.

25. DUE ON SALE AND RELEASE

If you transfer title to your property or enter into and/or register a long form agreement of purchase and sale ("Agreement for Sale"), or agree to do so, to anyone without first obtaining our written approval, the loan amount will at our option, immediately become payable in full. Any payment which we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not withhold our approval unreasonably.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee if:

(i) we give our written approval to you to transfer your property;

(ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer takes place; and

(iii) you provide us with proof of registration of a Transfer/Deed of Land or Agreement for Sale to the approved person or persons together with a guarantee agreement(s) (if required by us).

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26. ASSUMPTION

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage.

27. INSPECTION

If we, CMHC or GENW (if this is a CMHC or GENW insured mortgage), or our respective agents have reason to believe that the property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, GENW or our respective agents may, at any time, before or after default, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we, CMHC or GENW consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property. We, CMHC or GENW and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

28. EXPROPRIATION

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest.

29. GUARANTEE

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's successors and assigns), each person who signs the mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage.

We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment (including renewals), deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrower without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's successors or personal representatives, and will not be altered by the bankruptcy of the borrower or any guarantor.

30. PORTABILITY OPTION

Provided that we have not approved an assumption of this mortgage, if you dispose of your entire interest in your property and coincidentally acquire title to another property in the same province, you must request, at least 5 business days prior to the disposition, a replacement mortgage loan to be secured by a mortgage, satisfactory to us, on the acquired property. The new mortgage shall not exceed the then outstanding principal amount of the original mortgage, shall be on the same terms and conditions, including interest rate, as in the original mortgage and be for a term equal to the remaining term of the original mortgage. You must also first obtain our prior approval of the property to be acquired and satisfy all of our standard underwriting requirements. You shall pay all legal costs incurred by us in discharging the original mortgage and for preparing and registering the replacement mortgage, including a service fee.

The mortgage can be ported up to 60 days after the discharge of the original mortgage subject to written notification at least 5 business days prior to the disposition. The prepayment penalty is collected upon the discharge of the original property and will be returned to you on the closing of the acquired property.

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31. READVANCE OPTION

If your property consists only of a single family residence; you are not in default of any obligations; there are no subsequent encumbrances on title to your property and you complete a new mortgage loan application which is approved by us and satisfies our requirements, you may at our discretion, increase the outstanding principal amount of the mortgage up to the original registered amount without having to register a new mortgage. You will be responsible to pay any and all costs and fees charged by us and any of our representatives . Any advance funds will be subject to the interest rate charged by us at the time of funds are advanced, for a loan with a term similar to the remaining term of current mortgage. The amount of monthly payment will be adjusted to reflect the adjusted interest rate and shall be based upon an amortization period equal to the original amortization period less the period of time then passed since the interest adjustment date.

32. RESERVATION OF RIGHTS

You understand that any material change in the conditions of the mortgage such as an extension of time for payment or change in the interest rate, will not lessen the obligations of any person who does not join in such amending agreement.

33. DISCHARGE

After you have paid us the loan amount, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. You will pay our usual administrative fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on your title and to pay the registration fee. If electronic registration is available for your mortgage, we will register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

34. ADMINISTRATION FEES

You agree to pay to us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, a transfer of the mortgage to another party, statements for information purposes, any fees referred to in paragraph 8(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your mortgage and to add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the rate required by the mortgage. The amount of such fees in effect at any particular time is available by contacting us.

35. FAMILY LAW ACT

You certify to us that all information which you gave us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made in the registered document were and are completely truthful and accurate under Part II of the Family Law Act, R.S.O., 1990, c.F.3 (as amended or replaced). After any change in your martial status, you will provide us with the full name and birth date of any spouse, so that we are kept fully informed of the names and addresses of the owner or owners of the property and of any spouse who is not an owner but who has a right to possess the property.

36. DOCTRINE OF CONSOLIDATION

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

37. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date set out in the registered document.

38. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the Ontario New Home Warranties Plan Act, R.S.O., 1990, c.O.31 (as amended or replaced) applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

39. WHO IS BOUND

Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anybody else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage.

If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage. If any borrower or guarantor is female or a corporation, then the mortgage will be read with all necessary grammatical changes.

40. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceable of all other provisions will not be affected.

41. PARAGRAPH HEADINGS

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

42. NATIONAL HOUSING ACT

All CMHC insured mortgages are made in pursuance of the National Housing Act.

43. SECURITIZATION

We may, at our option, sell, assign or encumber your mortgage to one or more third party(ies) without notice to you, any guarantor or any spouse signing your mortgage and without requiring any consent. If we do so, you agree that your mortgage shall continue to secure all amounts owing under your mortgage. Once sold or assigned, your mortgage may be repurchased by us, whether or not it is in default. You and each guarantor and spouse executing the mortgage hereby authorize and consent to us or any other person having an interest in the mortgage from time to time and their or our respective agents and advisors including any party retained to service the mortgage, releasing, disclosing and assigning any personal or other information (including financial information) with respect to you, any guarantor and your spouse, the mortgage loan and your property, regardless of the scope of distribution and to any such other person as may be required to complete, administer, realize, assign, securitize or otherwise deal with your mortgage from time to time.

44. ACKNOWLEDGEMENT

You acknowledge receipt of a true copy of these standard charge terms. However, failure to obtain such acknowledgement does not affect the applicability of these standard charge terms.

DATED at Toronto, the 22nd day of
December, 2005

CERVUS FINANCIAL
CORPORATION

by its solicitors
FRASER MILNER CASGRAIN LLP

Per: ______________________
Yvonne McAndrew

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200601 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200602 Cote
Filing Date: January 12/06 Date de Dépôt
Page 1 of/de 16 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

RBC®

Land Registration Reform Act Set of Standard Charge Terms

Filed by: **Royal Bank of Canada** Filing Date:
Filing Number:

The following set of standard charge terms are deemed to be included in every Charge/Mortgage of Land in which this set of standard charge terms is referred to by its filing number, as referred to in Section 9 of the *Land Registration Reform Act*.

This document sets out important terms which apply to the Mortgage and are actually part of the Mortgage. We recommend you read this carefully and you may want to discuss the terms of the Mortgage with a lawyer.

This document describes the financial institution (mortgagee), who is lending you the money, as 'We'. The definition of "we" also includes "us" and "our".

This document describes the person who is being loaned money and giving the Mortgage on your Property as 'You'. The definition of "you" also includes "your". 'You' also includes anyone who guarantees your payments and Promises.

We are lending you money and we protect our interests through the Mortgage on your Property, which gives us certain rights, if you do not do what you promise to do. The specific terms that apply to your Mortgage (for example, the interest rate) are set out in a document that you sign and is registered, or which is authorized by you, prepared in electronic format and registered electronically. We call this the Registered Mortgage.

Generally, when a word is capitalized, the word is defined in Section 1. You should read Section 1 carefully.

SECTION 1 – TERMS YOU NEED TO KNOW

The following are used with particular meanings in this set of standard charge terms:

(1) ***Balance Due Date*** means the date shown in the Registered Mortgage as the date when the Mortgage matures. On this date the Mortgage must be repaid or renewed.

(2) ***Closed Mortgage*** means a Mortgage which limits how you can prepay the Outstanding Amount and fixes what Prepayment charges you will be charged, if you do prepay.

(3) ***CMHC*** means Canada Mortgage and Housing Corporation. It administers the *National Housing Act* and provides mortgage default insurance to lenders.

(4) ***Default*** means you have not kept a Promise under the Mortgage.

(5) ***First Payment Date*** means the date for first payment shown in the Registered Mortgage.

(6) ***Guarantor*** means a person who also agrees to keep your Promises under the Mortgage.

(7) ***HomeProtector® Insurance Premium*** means an insurance premium paid by you for optional group creditor life or life and disability insurance. This insurance will pay off the Outstanding Amount if you die or pay the regular mortgage payments (excluding property tax instalments) for a period of time if you become disabled. It is collected as part of your payment. It is different from property insurance which protects your home and its contents. *HomeProtector* insurance is underwritten by The Canada Life Assurance Company and is subject to terms, conditions, exclusions and eligibility restrictions. Please see the *HomeProtector* booklet for full details.

(8) ***Interest Adjustment Date*** means the date shown in the Registered Mortgage as the date to which we calculate accrued interest on money advanced to you. This date will be before your first regular payment period. This is the date the Term starts.

(9) ***Interest Rate*** means the interest rate that applies to the Mortgage. The Interest Rate and how it is calculated is shown in the Registered Mortgage. It is an annual rate, and gets adjusted as the Prime Rate rises or falls.

(10) ***Last Payment Date*** means the date for the last payment shown in the Registered Mortgage.

(11) ***Mortgage*** means the legal agreement between you and us, which gives us rights over your Property. '**Mortgage**' includes any other documents attached to it as schedules, and any document amending the Mortgage. It includes this document and the Registered Mortgage.

(12) ***Mortgage Default Insurer*** means CMHC or any other institution that provides mortgage default insurance to lenders.

(13) ***National Housing Act*** means the *National Housing Act* R.S., c. N-10, s. 1., a federal law that promotes the construction of new houses and the repair and modernization of existing houses. CMHC provides mortgage default insurance under this law.

(14) ***Open Mortgage*** means a mortgage that lets you pay any amount you want without you having to pay a Prepayment charge. The minimum Prepayment amount is $500.

(15) ***Outstanding Amount*** means the total amount remaining to be paid on the Mortgage at any time. It includes the portion of the Principal Amount that remains unpaid, interest, additional amounts advanced, and amounts we have paid because you have not kept a Promise.

(16) ***Prepayment*** means repaying part of the Principal Amount ahead of schedule. Depending on the type of Mortgage you have and the amount you are paying, you may have to pay a Prepayment charge when you make a prepayment.

(17) ***Prime Rate*** means the annual rate of interest announced by Royal Bank of Canada from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada. Our notices of the Prime Rate will be conclusive.

(18) ***Principal Amount*** means the amount we originally loaned to you.

(19) ***Promises*** means everything that you agree to do under the Mortgage.

(20) ***Property*** means the land described in the Mortgage, as well as any buildings constructed on the land and anything attached or fixed to the land or buildings. It also includes any future building, addition, attachments or fixtures (fixtures includes things such as furnaces) to the land or buildings.

(21) ***Property Taxes*** means all present and future property taxes, rates, assessments, local improvement charges, administration fees and other similar amounts charged by local government on your Property. It includes interest and penalties charged by a local government.

(22) ***Registered Mortgage*** means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give the Mortgage, or for the electronic registration system, the charge authorized by you and prepared in electronic format and registered electronically under Part III of the *Land Registration Reform Act*.

(23) ***Term*** means the period of time from the Interest Adjustment Date to the Balance Due Date, which is shown on the Registered Mortgage.

(24) ***We*** means the mortgagee under the Mortgage. The mortgagee is named on the Registered Mortgage.

(25) ***You*** means each person who signed or is bound by the Mortgage and is the person who has to pay everything owing under the Mortgage. If you die or become incapacitated, your estate must pay us and keep your other Promises.

SECTION 2 – HOW THE MORTGAGE WORKS

(1) In return for our agreeing to lend the Principal Amount or as much of the Principal Amount as we advance to you, you mortgage and charge your interest in your Property to us. This means the Mortgage is a charge on your Property and you have mortgaged your entire interest in your Property to us. All amounts relating to the Mortgage that you owe to us are secured by the Mortgage.

(2) It also means that you release your claims to your Property until you have repaid the Outstanding Amount and kept all your Promises.

(3) You can stay in possession of your Property, as long as you keep your Promises.

(4) Our interest in your Property ends when you have repaid the Outstanding Amount and you have kept all of your other Promises, and at that time, you can have a discharge of the Mortgage. Section 23 tells you what you must do to get a discharge.

(5) In return for our agreeing to lend the Principal Amount to you, you make certain Promises which you must keep. Not keeping your Promises includes breaking or not keeping your Promises in any way.

(6) You promise to sign any additional documents that we ask for and do everything else we ask you to do to protect our interest in your Property.

SECTION 3 – INTEREST

3.1 Interest Rate

(1) The Interest Rate you promise to pay is set out in the Registered Mortgage.

(2) The Interest Rate is the Prime Rate (as it changes from time to time) plus a premium, or minus a discount, as shown in the Registered Mortgage. The Interest Rate is an adjustable rate that is adjusted automatically when the Prime Rate changes. We do not have to give you notice of any change in the Prime Rate.

(3) Interest is calculated not in advance, with the same frequency as the payment frequency shown in the Registered Mortgage or another payment frequency that you select and is payable at that frequency.

(4) You promise to pay interest on the Outstanding Amount at the Interest Rate both before and after the Balance Due Date, Default and judgment, until the Outstanding Amount has been paid in full.

(5) Your Mortgage payments are fixed, but the Interest Rate changes when the Prime Rate changes. If the Prime Rate goes down, more of your payment goes to pay off the Principal Amount; if the Prime Rate goes up, less of your payment goes to pay off the Principal Amount. If you are not in Default and your payment is not enough to pay all accrued interest due on the payment date, we will automatically increase your next payment by a series of $2.00 amounts, until the payment covers all accrued interest since your last payment. We do this so that you will

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pay all the interest you owe us and the amount you owe us will not increase. When this happens it will take longer to pay out your Mortgage. Your payments will remain at the increased amount for the rest of the Term, unless we both agree to a new amount or your payment falls short again.

3.2 Compound Interest

If you do not pay any interest when due under the Mortgage, we will add the overdue interest to the Outstanding Amount and charge you interest on the combined amount until it is paid. This is called compound interest. We calculate compound interest at the Interest Rate. You promise to pay it at the same frequency as your regular payments, both before and after the Balance Due Date, Default and judgment, until the Outstanding Amount is paid in full.

We will also charge you interest on compound interest at the Interest Rate both before and after the Balance Due Date, Default and judgment, until the Outstanding Amount is paid in full. All overdue interest and compound interest is part of the Outstanding Amount. You promise to pay this interest immediately when we ask you to pay it.

SECTION 4 – YOUR REGULAR PAYMENTS

(1) You promise to repay the Principal Amount and interest to us on the payment dates set in the Registered Mortgage or another payment frequency that you select starting with the First Payment Date until and including the Last Payment Date. Your payments will be for the amounts set out in the Registered Mortgage. You promise to pay the Outstanding Amount on the Balance Due Date. You can ask us to change your payment date or payment frequency at any time.

(2) If you are not in Default, we apply your payment as follows:

- (a) to pay your *HomeProtector* Insurance Premium, including any applicable sales taxes or similar taxes, if you have it;
- (b) to pay Property Taxes, if we pay them on your behalf;
- (c) to pay interest due and payable; and
- (d) to reduce the Principal Amount.

(3) If you are in Default, we may apply your payment, or any other money we receive from you, as we choose.

(4) All payments must be in Canadian dollars.

(5) If we advance all or part of the Principal Amount before the Interest Adjustment Date, you promise to pay accrued interest on the money we advance at the Interest Rate from the day we lend you the money until the Interest Adjustment Date. You promise to pay this interest on the first day of each month until the Interest Adjustment Date. If your Interest Adjustment Date is not the first day of a month, you promise to also pay us interest from the first of the month until the Interest Adjustment Date.

SECTION 5 – BANK ACCOUNT FOR PAYMENTS

(1) You promise to have a deposit account at a Canadian financial institution and authorize us to withdraw from that account automatically for each payment when it is due.

(2) You will keep enough funds in the account to make each payment. You will not cancel your authorization to withdraw, or close the account without our consent.

(3) If your financial institution refuses the pre-authorized withdrawal, we will charge you for the fee your financial institution charges us. This may include situations where you do not have enough money in your account, or you closed your account.

SECTION 6 – PREPAYING A MORTGAGE BEFORE THE MATURITY DATE

6.1 Restriction

None of the following Prepayment options apply if you are in Default.

6.2 Prepaying an Open Mortgage

If you have an Open Mortgage, you may prepay $500 or more of the Outstanding Amount at any time without a Prepayment charge. If you have an Open Mortgage and want to prepay it, you must pay back a portion of any cash back amount you received from us, as called for under Section 6.6.

6.3 Annual Prepayment Option for Closed Mortgages

(1) If the Mortgage is a Closed Mortgage you may, once in each twelve month period starting on the Interest Adjustment Date or the anniversary of that date, pay up to 10% of the Principal Amount.

(2) Subject to Section 6.3(4), you can exercise this option without notice and without paying any Prepayment charge.

(3) If you do not exercise this option in any twelve-month period, you cannot carry it over to any future twelve-month period.

(4) If you prepay more than 10% of the Principal Amount, you promise to pay a Prepayment charge on the **entire amount** of the Prepayment.

6.4 Increasing Payments Option

(1) You may once in each twelve-month period, starting on the Interest Adjustment Date, or the anniversary of that date, increase your payment by an amount that is not more than 10% of the principal and interest portion of what is or would be your monthly payment amount. If you do not exercise this option in any twelve-month period, you cannot carry it over to any future twelve-month period.

6.5 Prepaying More Than 10% of a Closed Mortgage

(1) If you have a Closed Mortgage, you may pay off more than 10% of the Principal Amount, but you promise to pay a Prepayment charge on the **entire amount** of the Prepayment. You may at any time during the Term prepay all or part of the Outstanding Amount, but if you prepay more than 10% of the Principal Amount, you promise to pay a Prepayment charge of three months interest at the Interest Rate calculated on the **entire amount** you prepay. You must also pay back a portion of any cash back amount you received, as called for in Section 6.6, if you prepay all of the Outstanding Amount.

(2) If you renew or extend the Mortgage before the end of the Term, or if you amend the Interest Rate before the end of the Term, you promise to pay a Prepayment charge, calculated in the same way as in Section 6.5(1) above based on the Outstanding Amount on the date of the renewal, amendment or extension.

6.6 Incentive Program

(1) We may, at our option, offer you an incentive to give the Mortgage to us. This incentive may be cash, a gift certificate or other item having a value (for example a voucher that you may redeem at a retail store). We will tell you the value of the incentive. We will call this a "cash back amount". If you repay the Outstanding Amount before the end of the Term or if you change the Term of the Mortgage, you promise to repay a portion of the cash back amount to us.

(2) Here is how we calculate the amount you must repay:

your cash back amount divided by the number of months in the Term, times the number of months remaining in the Term (including the month in which the repayment is made).

Here is an example:

If you received a $1,000 cash back amount for a 5 year (60 months) mortgage and repay the mortgage in full after 3 years (36 months), the calculation of the amount would be as follows:

$1,000 ÷ 60 months x 24 months remaining = $400

6.7 *Double-Up®* Option

You may increase your regular payment by an amount up to 100% of the principal and interest portions of your regular payment (but not less than $100) on any payment date. This is called a "***Double-Up***". If you have a non-monthly payment frequency, the total amount of your *Double-Up* payments in any one calendar month cannot be more than the amount of principal and interest portions of what would be your monthly payment. If you do not *Double-Up*, you may not save this option to be used on a later payment date.

Here is an example of how to calculate the maximum permitted monthly *Double-Up* payments for a mortgage with non-monthly payments.

Weekly payments = principal and interest portions of payment x 52/12
Bi-Weekly = principal and interest portions of payment x 26/12
Semi-monthly = principal and interest portions of payment x 2

6.8 General Provisions On Prepayment

(1) If you use any Prepayment option, the schedule of payment dates will not change, unless we automatically increase your payments if your payment is not enough to pay all accrued interest due on the payment date.

(2) You promise to make payments until the Outstanding Amount is paid in full.

6.9 Convertible Mortgage Feature

(1) You may extend the Term without paying a Prepayment charge, as long as you have kept your Promises and you convert to one of the terms and mortgage types shown below. However, if you received a cash back amount, you will have to repay to us a proportionate amount of the cash back amount as described in Section 6.6 above. The conversion will take place on the date we select.

(2) The terms and mortgage types that you may convert to are:

(a) a fixed rate Closed Mortgage having a term that is longer than the remaining term of the Mortgage immediately prior to the conversion date; or

(b) a RateCapper® mortgage at the interest rate we are then offering.

SECTION 7 – DELAYING A PAYMENT

If you meet the conditions set out in this Section, you can *Skip-A-Payment®*, which means not making a regular payment on its payment date.

7.1 *Skip-A-Payment* Option

(1) This Section applies only if:

(a) the Term is less than 10 years;

(b) the Mortgage is not insured by CMHC (see Section 7.2 for the *Skip-A-Payment* rules for CMHC insured mortgages); and

(c) you have kept all of your Promises.

(2) *Skip-A-Payment* means not making a payment under the following conditions:

(a) Once in every 12 month period during the Term, (starting on the Interest Adjustment Date or the anniversary date of the Interest Adjustment Date) you may *Skip-A-Payment* if the interest portion of the skipped payment, plus the Outstanding Amount, is not more than the Principal Amount.

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(b) You may *Skip-A-Payment* up to the amount of any *Double-Up* payments made by you. The total amount of all skipped payments must not be more than the total of your *Double-Up* payments.

(c) If you *Skip-A-Payment* you must still pay the portion of your payment that covers your Property Taxes and *HomeProtector* Insurance Premium.

(d) The interest portion of any skipped payment is added to the Outstanding Amount and interest is charged on that amount at the Interest Rate.

(3) You may repay any skipped payment at any time during the Term. We will not charge you any costs for repaying a skipped payment.

7.2 *Skip-A-Payment* Option For CMHC-Insured Mortgages

(1) This part applies only if:

(a) the Term is less than 10 years;
(b) the Mortgage is insured by CMHC; and
(c) you have kept all of your Promises.

(2) If the "loan to value ratio" is equal to or less than 90%, you may *Skip-A-Payment* as long as the Outstanding Amount plus the interest part of the skipped payment is not more than the Principal Amount.

(a) By way of explanation, "loan to value ratio" means the ratio of the Principal Amount to the lesser of:
  (i) the price paid to buy your Property; and
  (ii) the value of your Property, as we determine, on the date of the Mortgage.

(b) If the Mortgage is insured under CMHC's "95% Insurance" program or any related or successor program and the loan to value ratio is more than 90%, you may *Skip-A-Payment* only if, after having skipped the payment, the total of the Outstanding Amount plus the interest part of the skipped payment is equal to or less than 90% of the "loan to value ratio". To see whether you fit these conditions, you will need to know what the Outstanding Amount is, as a result of your repayments of principal. For example, Helen and Henry have a mortgage for a 5 year term, at a 6% interest rate, with a 20 year amortization period. Their house cost $200,000 and they borrowed $190,000 under the mortgage. Helen and Henry want to *Skip-A-Payment* in their first year as homeowners and in the fourth year. Can they do so? Follow the calculations:

	Year 1	**Year 4**
Principal Amount	$190,000	$190,000
Value of Property	$200,000	$200,000
Principal Amount repaid	$5,130	$22,400
Outstanding Amount	$184,870	$167,580
Interest part of skipped payment	$1,115	$1,105
Total Outstanding Amount plus Interest part of skipped payment	$185,985	$168,685
Ratio of Total Outstanding Amount plus Interest part of skipped payment to Principal Amount	**98%**	**89%**
	So they cannot *Skip-A-Payment* because of a ratio of more than 90%	**So they can *Skip-A-Payment* because of a ratio of less than 90%**

(c) You may not *Skip-A-Payment* if, as a result of the skipped payment, the original amortization period of the Mortgage would be extended or you have skipped the equivalent of four monthly payments at any time during the Term and you have not yet repaid them.

(d) When you *Skip-A-Payment* under this Part, you must still pay the portion of your payment that covers your Property Taxes and *HomeProtector* Insurance Premium. The interest portion of any skipped payment is added to the Outstanding Amount and interest is charged on that amount at the Interest Rate.

(e) You may repay any skipped payment at any time during the Term. We will not charge you any costs for repaying a skipped payment.

SECTION 8 – MOVING THE MORTGAGE

(1) If you sell your Property, and you are not in Default, you can either move the Mortgage to your new property or the person who buys your Property can apply to assume the Mortgage by doing what is required by Section 9. You cannot do both – you must decide.

(2) You can only exercise the option to move the Mortgage to your new property within 90 days after the sale of your Property.

(3) To move the Mortgage to your new property, you must:

(a) meet our mortgage approval criteria;

(b) sign or authorize a new mortgage; and

(c) pay any processing and administration fees, legal costs and property valuation fees, and any other expenses we incur.

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(4) If the new principal amount is the same or less than the Outstanding Amount when you sell your Property, the Interest Rate will apply to your new mortgage. The maturity date for the new mortgage will be the same as the Balance Due Date.

(5) If your new principal amount is less than the Outstanding Amount when you sell your Property, you must pay us the difference between your new principal amount and the Outstanding Amount and the Prepayment charge that applies to the difference.

(6) If your new principal amount is more than the Outstanding Amount, the interest rate for your new Variable Rate mortgage will be the same rate as the Interest Rate.

(7) You must pay the applicable Prepayment charge and any cash back amounts owing under Section 6.6 when you sell your Property, but if you give us a first mortgage on your new property within ninety days of the sale, we will refund all or part of the Prepayment charge (depending on the amount of the new mortgage and if you meet the conditions above).

(8) If you wish to move the Mortgage and the Mortgage has mortgage default insurance, ask us to see if the mortgage default insurance can also be moved. You should also ask if you can move your *HomeProtector* insurance.

SECTION 9 – DUE ON SALE, ASSUMPTION OF MORTGAGE AND RELEASE OF OBLIGATIONS

(1) You must still keep your Promises even if you sell your Property.

(2) If you either agree to, or actually do, transfer your interest in your Property, either directly or indirectly, to a new owner without our approval, at our option the Outstanding Amount will immediately become due and payable in full and you will be required to pay the applicable Prepayment charge on the Outstanding Amount.

(3) If we accept payment from the new owner even though we did not approve the new owner, it will not mean that we have approved the transfer or that we have given up our right to require you to pay the Outstanding Amount.

(4) You must give us any information we ask for, to allow us to decide whether or not we want to give our approval. We will review that information and will tell you what we decide.

(5) We may set certain requirements that you and the new owner must meet as a condition of our approval. Our conditions will include the new owner signing our form of assumption agreement.

(6) Even if you sell the Property or transfer your interests, or we make any new agreement with the new owner with respect to any of the terms and conditions of the Mortgage, or if we accept payments from the new owner, that will not affect our rights against you or any Guarantor, unless we decide, at our discretion, that we will release you from your Promises. If we do not release you, you must still keep your Promises. You agree that we can renew or change the terms of the Mortgage in an agreement with the new owner, and that you will still have to keep your Promises, even though the Mortgage has been renewed or its terms have changed without your knowledge or consent.

SECTION 10 – RENEWAL OR AMENDING AGREEMENTS

(1) If we send you a mortgage renewal agreement and you do not sign and return it to us before the date required, the Mortgage will at our option be renewed on the terms we indicate in the mortgage renewal agreement.

(2) We may agree with you to change any of the terms of the Mortgage. We call this amending the Mortgage. If we do, you will still have to keep all your Promises.

(3) We do not have to register any renewal, amendment or extension to the Mortgage. The Mortgage, as renewed, amended, or extended will continue to have the same priority. For the purposes of Section 10 of the *Interest Act* (Canada), the date of the Mortgage will be the date the mortgage renewal, extension, or amendment takes effect.

(4) You do not have a right to renew, amend or extend the Mortgage. Renewal, amendment or extension of the Mortgage is at our discretion.

SECTION 11 – ADDITIONAL AMOUNTS

(1) If you have paid part of the Principal Amount, we may if we want to and if you meet our requirements, allow you to borrow additional amounts up to a maximum of the difference between the Outstanding Amount and the Principal Amount. If we allow you to borrow any additional amounts, all amounts borrowed will be secured by the Mortgage, in the same priority, and will bear interest at the interest rate that applies to the Mortgage at that time.

(2) If we let you borrow additional amounts, whenever this document refers to the Outstanding Amount, it will refer to all amounts owing, including all additional amounts.

SECTION 12 – WE DO NOT HAVE TO MAKE ADVANCES

(1) We do not have to advance or re-advance all or any part of the Principal Amount to you, if we decide not to, even though:

- (a) you have signed the Mortgage or authorized its registration;
- (b) the Mortgage is registered in the land registry office; or
- (c) we have advanced part of the Principal Amount.

We may deduct from any advance:

- (a) any Property Taxes that are due;
- (b) any interest that is due and payable on the date of the advance; and

(c) any mortgage default insurance premium and application fees.

SECTION 13 – YOUR PROMISES

13.1 Your Property Tax Promises

(1) You promise to pay to us, if we require you to do so:

- (i) on each payment date the amount of money that we estimate will be enough to permit us to pay Property Taxes when they are due; and
- (ii) the balance owing in addition to the money you have already paid towards Property Taxes so that we can pay the Property Taxes in full.

(2) You promise to pay to us on each payment date one-twelfth of the amount we estimate will be required to provide enough money to pay all Property Taxes for the calendar year. We may re-estimate this amount from time to time. You agree to pay any additional amounts required because of this re-estimate.

(3) If you do not keep your Promises, any payments you make for Property Taxes may, at our option, be applied to pay the Outstanding Amount.

(4) As long as we require you to make Property Tax payments, and as long as you have kept your Promises, we will forward the amount required to pay Property Taxes to the local government as they fall due or at any time we choose. If the amount in the tax account is not enough to pay Property Taxes, we may advance amounts to the tax account to cover the shortfall or add the amount of the shortfall in the tax account to the Outstanding Amount. If you are sent a Property Tax notice, you must send it to us. If you do not send the notice to us and extra charges are imposed for Property Taxes, you must pay those charges. We are not responsible for any extra charges imposed because we did not receive a notice.

(5) We will charge you interest on any shortfall in the tax account at the Interest Rate. If you have a surplus in the tax account, we will pay you interest on that surplus at a rate that we choose.

(6) If at any time the Property Taxes we have paid exceed the amount you have paid us for Property Taxes, or we have to pay any fees because we have paid the Property Taxes on your behalf, we may immediately demand that you pay the shortfall to us. If you do not pay, we will add the shortfall to the Outstanding Amount.

(7) We may decide not to require you to make payments of Property Taxes through us. In that case, you agree to pay all Property Taxes on your Property as they fall due and will give us acceptable evidence, when we ask, that you have paid them.

13.2 Your Other Promises

(1) You also promise:

To pay all of our costs and expenses, including all legal fees, on a full indemnification basis, to

- (i) Prepare the Registered Mortgage, including all necessary steps to advance and secure the Principal Amount, investigate title, pay a title insurance premium, register the Mortgage and to report to us;
- (ii) Collect the Outstanding Amount;
- (iii) Enforce the terms of the Mortgage, including efforts to make you keep your Promises;
- (iv) Do anything which you promised to do but did not do; and
- (v) Prepare and give you a discharge of the Mortgage when you have paid all amounts owing under the Mortgage, as required by the Mortgage.

(2) You promise to comply with all laws and orders applicable to the Property, including those concerning zoning, land-use and environmental protection.

(3) You agree that we may add any expenses and costs that we pay to the Outstanding Amount if you do not pay them.

13.3 No Deductions

You promise that all payments that you make to us or that we ask you to make will be made in full without any set-off or counterclaim and without any deductions or withholdings whatsoever. You promise that you will not cancel, offset or reduce any payments that you make.

SECTION 14 – YOU CONFIRM

In return for our agreeing to lend the Principal Amount to you, you promise and confirm that:

- (a) You own your Property, you have the right to give the Mortgage and you mortgage your entire interest to us.
- (b) The Mortgage is given to secure repayment of the Outstanding Amount and to ensure that you keep all your Promises. You release all claims on your Property to us, until all amounts owing under the Mortgage have been repaid as required by the Mortgage and you have kept your other Promises.
- (c) You will pay all of the Outstanding Amount to us and keep all of your other Promises, as provided in the Mortgage.
- (d) There are no limitations or restrictions on your title to your Property, except those disclosed to us in writing and that we approved.
- (e) Your title to your Property is subject only to:
  - (i) Those interests filed in the land registry office at the time you give us the Mortgage; and
  - (ii) Any unregistered interests we have approved.

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(f) As far as you know, no part of your Property or of any adjoining land is, has ever been or will in the future be used to manufacture, store or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders. No part of your Property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of, or adversely affect the sale of, your Property.

(g) You will, at your own expense, sign any documents and do anything we ask to ensure that all your interest in your Property has been mortgaged to us and that the Outstanding Amount is adequately secured by your Property.

SECTION 15 – OUR RIGHTS

15.1 Approval and Consent

Whenever this Mortgage talks about "approval" or a "consent", we mean approval or consent in writing, given by us before you act.

15.2 Money we Spend

We may spend money to do anything you promised to do, but did not do. Any money we spend because you did not keep a Promise will be added to the Outstanding Amount, will be payable on demand, will bear interest at the Interest Rate from the date that we spend the money until fully paid and will be secured by the Mortgage with the same priority. It shall be immediately due and payable to us.

15.3 Additional Interests in Property

By the Mortgage you grant and mortgage any additional or greater interest in your Property that you may later acquire.

15.4 Other Security

If you have mortgaged, charged or given us a security interest in anything else to better secure payment of the Outstanding Amount ("**Other Security**"), we may take legal proceedings under any of the Other Security in any order that we choose and at the same time as we are enforcing our rights under the Mortgage. If we get a judgment from the court, or recover any money under the Other Security, this will not affect our rights to enforce our rights under the Mortgage.

15.5 Consolidation

Our right of consolidation applies to the Mortgage and to any other mortgages given by you to us. This means that if you have mortgaged other property to us you will not have the right, after Default, to pay off the Mortgage or any mortgage of other property unless you pay us the money owed by you under the Mortgage and the Other Security.

SECTION 16 – PAYING OFF CLAIMS OR LIENS

(1) You promise not to allow any construction lien to remain undischarged on the title to your Property for more than 30 days, unless you:

- (a) diligently dispute the validity of the construction lien by taking all necessary legal steps to do so;
- (b) give us reasonable security by depositing money, bonds or other types of security acceptable to us (the "Security") to pay the construction lien and associated legal costs in full, including our legal costs on a full indemnification basis; and
- (c) authorize us to use the Security to pay the construction lien and any of our legal costs on a full indemnification basis and those of the lien claimant in full, if the construction lien is found to be valid.

(2) We can pay off the claims of other creditors, who have an interest in your Property. These may include construction liens and other liens, government claims or encumbrances. If we pay off a claim you will pay the amount to us when we ask. Any amount we pay to the other creditor that you do not repay will be added to the Outstanding Amount. We can, if we think it is necessary, pay off any mortgages, charges, interests, claims or liens that have priority over the Mortgage, including realty taxes, utility charges, construction liens, or any amounts payable to a condominium corporation.

(3) Once we have paid off any such claims we are entitled to all the rights, equities and securities of the creditor. We can retain any discharge, if we need to.

(4) You promise to pay any money which, if not paid, would result in a default under any mortgage or claim that legally ranks before the Mortgage or that may result in the sale of your Property if not paid.

(5) You promise to pay and cause to be discharged any other mortgages, charges, liens, security interests, claims or other interests that we are not willing to have remain on your Property.

SECTION 17 – PROPERTY INSPECTIONS

(1) We or our agents may at any reasonable time inspect your Property, including the buildings.

(2) If the Mortgage has mortgage default insurance, the Mortgage Default Insurer and its agents can also inspect your Property.

(3) Inspections may include environmental testing, site assessments, investigations and studies.

(4) You promise to pay for the costs of the inspection including any tests or studies.

(5) If you do not pay our costs, we may add the costs to the Outstanding Amount.

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(6) If we, our agents, the Mortgage Default Insurer or its agents do conduct an inspection, neither we nor they will be considered to be in possession or control of, or managing, your Property.

SECTION 18 – ADVANCES OF MONEY FOR CONSTRUCTION MORTGAGES

(1) If the money we loaned is to be used to pay for any construction, alteration or addition on your Property, we may make advances of the Principal Amount to you based on the progress of construction.

(2) We will decide whether or not any advances will be made, the amount of the advances and when they will be made.

(3) Subject to Section 12, we may make advances to you based on how much of the construction, alteration or addition has been completed and the amount of money you need to complete.

(4) We may retain funds from any advance until we are completely satisfied that the holdback provisions of the *Construction Lien Act* (Ontario) have been complied with.

(5) If this Mortgage is a construction mortgage, we may require that accrued interest on progress advances from the date of these advances be paid in monthly instalments starting on the first day of the next month after the first advance, and on the first day of each following month. The balance of the interest must be paid on the Interest Adjustment Date. Interest will be payable at the Interest Rate and calculated daily. We may, if we want to, retain accrued interest out of the proceeds of each advance of the Mortgage. If the Principal Amount is not advanced in full on the Interest Adjustment Date, the Interest Adjustment Date will change to the date of the final advance. This means the Last Payment Date and Balance Due Date will also change. If the final advance is not made within 12 months of the date of application for the Mortgage, we will automatically set your Interest Adjustment Date to a date that is approximately 12 months from the date of your application for the Mortgage and the Term will start on that date.

SECTION 19 – SAFEGUARDING THE VALUE OF YOUR PROPERTY

You promise:

(1) To keep all of the buildings and improvements on your Property in a good condition and state of repair and to repair them as we require. If you do not make the repairs when we ask, we can make whatever repairs we think are needed. You must immediately pay the costs of any repairs we make and of any inspections. If you do not pay those costs, we will add them to the Outstanding Amount.

(2) You will not tear down any building or structure, or part of any building or structure, on your Property without our approval.

(3) You will not do, or let anyone else do, anything that may reduce the value of your Property.

(4) You will not construct, alter or add to any buildings or improvements on your Property without our consent, and if the Mortgage is insured by a Mortgage Default Insurer, without its consent. Any construction or renovation must meet all applicable construction standards, building codes and municipal or governmental requirements. You must build or renovate using only new materials and according to the plans and specifications we have approved and if the Mortgage is insured by a Mortgage Default Insurer, it must approve the plans and specifications.

(5) You will provide us, and any Mortgage Default Insurer, with any information or material, such as plans, specifications, building permits, insurance and like information, as required to decide whether to give approval or not.

(6) We and any Mortgage Default Insurer, may set certain requirements which you must comply with as a condition of giving approval.

(7) Once we and any Mortgage Default Insurer have given approval you will only then demolish, make such alterations, additions or improvements in accordance with the approved plans and specifications and all applicable construction standards, building codes and municipal or other government requirements and you will complete the work as quickly as possible.

(8) You authorize us or, if your Mortgage is insured, the Mortgage Default Insurer, to enter your Property at all reasonable times to inspect and repair, but we will not be considered to be in possession or control of the Property by exercising this right.

SECTION 20 – WITHHOLDING TAXES

(1) If you are not a Canadian resident for income tax purposes, the country where or in which you are a resident for income tax purposes may charge a withholding tax on the interest portion of your payment to us. We must receive interest payments free and clear of any withholding tax.

(2) You are responsible for paying any withholding tax. If you must pay withholding tax, you promise to remit the withholding tax to the tax authority of the country of which you are a tax resident. You promise to give to us the withholding tax receipt issued by the foreign tax authority as proof you paid the withholding tax.

If you do not pay the withholding tax and the foreign tax authority makes us pay it, you promise to pay the withholding tax to us when we ask for it. If you do not pay it to us, the amount will be added to the Outstanding Amount. In some circumstances, we may tell you that we will collect and remit the withholding tax on your behalf. If we tell you this, we will remit the withholding tax to the foreign tax authority from the interest we collect.

SECTION 21 – INSURANCE

(1) You promise to maintain adequate insurance on your Property until the Outstanding Amount has been repaid in full.

(2) You promise, if we ask, to give us certified copies of the insurance policy and evidence of its renewal not less than 15 days before the policy expires.

(3) The insurance must be with a licensed insurance company and must be for the full replacement value of your Property in Canadian dollars. The insurance policy must contain mortgage clauses approved by The Insurance Bureau of Canada. These clauses must provide that loss proceeds are payable to us first, and we have the first right to receive and to have a first lien on the loss proceeds. You must also assign your insurance policy to us.

(4) The insurance policy must protect against the following risks: fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke and falling objects.

(5) We may also require that other risks be covered, depending on the nature or location of the Property.

(6) The insurance policy must cover all buildings on your Property, whether before, during or after construction, and all fixtures attached to the buildings.

(7) We can, if we want to, place and pay for any insurance policy if you fail to do so.

Any money which we pay for insurance will be immediately payable by you to us, and will be added to the Outstanding Amount if not paid.

(8) If any loss or damage occurs, you promise, at your expense, to immediately do everything necessary to allow us to receive the insurance proceeds.

(9) Production of the Mortgage will be sufficient authority for the insurance company to pay proceeds to us and the insurance company is directed to pay the proceeds to us.

(10) Insurance proceeds may, at our option, in whole or in part be:

- (i) used to repair or rebuild your Property;
- (ii) used to repay any part of the Outstanding Amount, whether due or not, and any Prepayment charge on the amount repaid; or
- (iii) paid to you.

SECTION 22 – ENFORCING OUR RIGHTS

22.1 Defaults

A Default occurs if

- (a) You do not make any payment when required;
- (b) You do not keep any of your Promises;
- (c) You become insolvent or bankrupt; or
- (d) Your Property is abandoned or is left unoccupied so your insurance policy could be cancelled.

Not keeping your Promises includes breaking or not keeping any of your Promises in any way.

22.2 Consequences of a Default

If a Default occurs we can, if we wish, do any one or more of the following, in any order that we want:

- (a) ***Demand Payment*** – demand that you immediately pay the Outstanding Amount.
- (b) ***Sue You*** – take action in court to make you pay the Outstanding Amount or make you keep your Promises.
- (c) ***Lease Your Property*** – if Default continues for 15 days, we may, on 15 days notice to you, enter on and lease your Property. We may apply the net rent to reduce any part of the Outstanding Amount. If the net rent is not sufficient to pay the Outstanding Amount in full, you must pay us the difference.
- (d) ***Sell Your Property*** – if Default has continued for 15 days, we may enter your Property and, on at least 35 days prior written notice to you and any other party entitled to notice as required by Part III of the *Mortgages Act* (Ontario), sell your Property or any part of your Property. We can sell by public auction or private sale, or partly by one way and partly by the other. You agree we may sell all or part of your Property for cash or on credit, or partly for cash and partly on credit, and otherwise on whatever terms we negotiate. If we sell on credit, we will not be required to reduce the Outstanding Amount, or pay any sale proceeds to you in any situation where you are entitled at law to receive them, until we receive payment of the Outstanding Amount. We may also buy your Property ourselves, or terminate or amend any agreement we enter into for the sale of your Property and resell if we decide to do so. After we sell your Property under power of sale, we will use the money we receive from the sale to pay:
  - (i) any amounts required to be paid to any party with a higher right in your Property than us;
  - (ii) any auctioneer's fees or real estate agent's commission;
  - (iii) all adjustments usually made on the sale of property;
  - (iv) all of our expenses and costs as described in Section 22.4;
  - (v) the Outstanding Amount;
  - (vi) any amounts owed to any party holding a mortgage, lien or other security on your Property with a lower priority to the Mortgage; and
  - (vii) any surplus to you.

  We may make these payments in any order we want to.

After payment of the amounts referred to in paragraphs (i) to (iv) above, if the remaining money is not enough to pay all the Outstanding Amount, you promise to pay the remaining unpaid Outstanding Amount to us on written demand to do so.

(e) ***Court Sale*** – apply to the court for an order for the sale of your Property under the supervision of the court. If the net proceeds of sale are not enough to pay the Outstanding Amount, you promise to pay us the remaining unpaid Outstanding Amount to us on written demand to do so;

(f) ***Foreclose*** – apply to the court to foreclose your interest in your Property, so that when the court makes its final order of foreclosure, all your interest in your Property will be absolutely transferred to, and belong to, us and you will no longer have any interest in your Property;

(g) ***Appoint a Receiver*** –appoint a receiver (which includes a receiver and manager) to collect any income from your Property or take any other action with respect to your Property which we could take. We will appoint a receiver by written notice to you. The receiver will be your agent, not ours, and you alone will be responsible for all of the receiver's acts or omissions. We will not be accountable for any money received by the receiver, except to the extent that we actually receive the money. The receiver may use every available remedy that we have under the Mortgage, including collecting income from your Property, taking possession of all or part of your Property, managing your Property, keeping your Property in good condition, finishing any buildings under construction on your Property, leasing your Property and selling your Property. From the income collected from your Property, or the proceeds of the sale of your Property, the receiver will pay:

- (i) all rents, taxes, rates, insurance premiums and other expenses required to keep your Property in good condition;
- (ii) all amounts necessary to repay any money it has borrowed for the purposes of your Property, including interest and any penalties on borrowed money;
- (iii) all amounts required to keep any encumbrances ranking in priority to the Mortgage in good standing;
- (iv) its own compensation as receiver;
- (v) all costs with respect to any leasing or sale of your Property; and
- (vi) any part of or all of the Outstanding Amount, whether it is due or not, together with any Prepayment charge.

(h) ***Take Possession*** – take possession of your Property, without any interference by you or anyone else living on your Property, and free from any other mortgages, charges, liens or easements, limitations or restrictions that we did not approve. If we take possession, we can ask you to leave your Property with all your belongings. If you do not leave, the court will order you to leave and if you refuse, the court will have you forcibly removed. Once in possession, we may do anything we consider necessary to:

- (i) inspect, collect rents, manage or lease your Property;
- (ii) complete the construction of any building on your Property;
- (iii) repair any building on your Property; or
- (iv) take any other action permitted under the Mortgage or by law.

If we take possession, we will not be responsible for maintaining and preserving your Property. We will only account to you for any money we actually receive in connection with the Mortgage or your Property.

(i) ***Other Action*** – take any other necessary action to take, recover and keep possession of your Property.

(j) ***Non-interference*** – if we take possession of your Property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your Property may be leased or sold, and you will not make any claim against any person to whom your Property may be leased or sold.

(k) ***Abandoned Personal Property*** - any furniture, appliances, or household personal belongings which remain on your Property for a period of 15 days after we or a receiver take possession of the Property shall be deemed abandoned and we may remove, store, dispose of or otherwise deal with such abandoned goods in such manner as we choose.

22.3 Remedies after a Court Order

Even if we obtain judgment against you,

(1) We may continue to use the remedies described in Section 22.2 to make you keep your Promises; and

(2) We will be entitled to continue to receive interest and compound interest at the Interest Rate on the Outstanding Amount until the judgment is paid in full.

22.4 Our Expenses

(1) You promise to pay us all reasonable expenses and costs we incur to enforce the Mortgage or exercise any of our rights under the Mortgage.

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(2) Expenses and costs will include our costs of taking and keeping possession of your Property, any costs of removal, storage, or disposal of goods, any costs of repairs or improvements to your Property, legal fees and disbursements on a full indemnification basis and all other costs and expenses we incur to protect our interests.

(3) These expenses and costs will be added to the Outstanding Amount, will be payable on demand, will bear interest at the Interest Rate until fully paid and will be secured by the Mortgage, in the same priority.

22.5 Bonus on Default

(1) If you default in any payment, we require you to pay a charge equal to three (3) months interest in advance at the Interest Rate on the Outstanding Amount.

(2) You cannot get a discharge of the Mortgage without making this payment or giving us three (3) months' prior written notice that you will be paying the Outstanding Amount, as required by law, and paying the Outstanding Amount on the date stated in the notice.

22.6 Delay in Enforcing our Rights

If you Default, and we do not exercise any of our rights or do not ask you to remedy the Default, we are not prevented from making you remedy the Default later or exercising any of our rights in connection with the Default later or any other Default.

SECTION 23 – DISCHARGE

(1) **Full Discharge** – We will discharge the Mortgage when:

- (a) You have paid all amounts owing as and when required under the Mortgage, including any Prepayment charge;
- (b) You have kept all other Promises under the Mortgage; and
- (c) You have paid our fee and costs to prepare and register the discharge.

(2) If we fully discharge the Mortgage we will no longer be entitled to enforce our rights under the Mortgage. We will not give you notice if we intend to discharge the Mortgage.

(3) We will prepare the discharge and register it, if we want to. If we register the discharge, we will send you a letter telling you it has been registered. You will pay us the administration fee that we charge when a mortgage is paid in full. If we register the discharge, you will also pay the registration costs.

(4) Partial Discharge

- (a) We may release our interest in all or any part of your Property, if we wish. We can do this whether or not we receive any money. We will only be accountable to you for money we actually receive. If we receive money, we will apply it to what you owe us, including the applicable Prepayment charge.
- (b) If we release our interest in part of your Property, the part remaining will continue to secure the Outstanding Amount. If we release part of your Property, your Promises, as well as the Promises of any Guarantor, will continue unchanged.

SECTION 24 – RENTING YOUR PROPERTY

(1) You promise that you will occupy your Property. If you want to rent, lease or enter into any form of tenancy agreement covering all or any part of your Property, you promise to get our prior consent. We may refuse to give it, at our option.

(2) If you have told us that your Property is, or will be, used only as an owner-occupied residential property, you confirm that no part of your Property is rented or occupied by a tenant.

(3) If you do not keep any of these Promises, at our option, the Outstanding Amount will immediately become due and payable and we will be entitled to enforce any of our rights.

(4) In this case, we can pay any amount we think is needed to any tenant, to obtain the co-operation of the tenant in selling your Property, showing your Property and obtaining possession of your Property or any part of your Property from the tenant. You agree that any amount we pay to a tenant will be added to the Outstanding Amount.

(5) Nothing we do under this Section 24 will put us in possession, control or management of your Property and we are not obliged to collect any rent or income from your Property, or comply with any terms of any lease or agreement.

(6) If you rent all or any part of your Property without our approval, we will have the same rights and remedies as if you had tried to discourage us from taking possession of your Property if you had defaulted under the Mortgage or adversely affected the value of your Property within the meaning of Section 52(1) of the *Mortgages Act* (Ontario).

(7) If you rent your Property with our consent, you assign to us:

- (a) All leases, lease agreements and their renewals, whether current or future;
- (b) All rents payable under the leases and lease agreements; and
- (c) All rights under the leases or lease agreements that affect your Property.

SECTION 25 – ENFORCING OUR RIGHTS

If you do not keep your Promises, then at our option

(1) The Outstanding Amount will immediately become due and payable, together with a portion of any cash back amount that you promise to repay, as explained in Section 6.6; and

(2) We may spend money to do anything you promised to do, but did not do. Any money we spend because you did not keep a Promise will be added to the Outstanding Amount. It will be immediately due and payable will bear interest at the Interest Rate until fully paid to us and will be secured by the Mortgage, in the same priority.

SECTION 26 – CONDOMINIUM MORTGAGES

(1) If your Property is a condominium unit, you promise to meet these obligations, in addition to your other Promises under the Mortgage:

- (a) You must comply with the *Condominium Act* (Ontario), and the declaration, by-laws and rules of the condominium corporation. We may ask you to provide proof of compliance.
- (b) You must pay the common expenses for your Property to the condominium corporation on the due dates. We may ask you to provide proof of payment.
- (c) We have the right to give you notice that we will collect your contribution to the common expenses from you and you agree to make that payment. We can accept a statement from the condominium corporation as conclusive evidence of how much is owed for common expenses and when it must be paid.
- (d) You will forward to us any notices or assessments from the condominium corporation.
- (e) You must maintain in good condition and state of repair all improvements made to your Property.
- (f) You must repair your Property after damage.
- (g) You must ensure that the condominium corporation complies fully with:
    - (i) The terms of all insurance policies on the condominium;
    - (ii) All obligations imposed by the *Condominium Act* (Ontario);
    - (iii) The by-laws of the condominium corporation; and
    - (iv) The insurance provisions of the declaration of the condominium corporation.
- (h) You must carry adequate insurance. This means you must insure all improvements made to your Property. The insurance policy must cover your Property against destruction or damage by fire and by other perils usually covered in fire insurance policies, as well as those perils listed in Section 21(4) of the Mortgage. You must obtain insurance for any additional risks that we require.
- (i) The policy must cover your Property for its full replacement cost: this means the maximum amount for which it can be insured.
- (j) You must insure the common or other interest in both planned and existing buildings, which form part of the condominium property if the condominium corporation fails to insure them.
- (k) You must assign your insurance policies to us. As far as it is legal to do so, you must assign your interest in any insurance policies held by the condominium corporation.
- (l) You must provide us with proof that the insurance for the condominium corporation and your insurance is in force. If the policy is renewed or replaced, you must inform us at least thirty days before the insurance expires.
- (m) You must do everything that is necessary to collect any insurance proceeds.
- (n)
    - (i) You authorize us, in your name and on your behalf, at all times, to exercise your rights under the *Condominium Act* (Ontario) to vote at any meeting of the condominium corporation, and to consent to anything having to do with the management, sale or other dealings with the property or assets of the condominium corporation. This authorization includes voting on or any consent to the termination of the condominium corporation;
    - (ii) In exercising these rights, we can choose to not vote or consent at any particular time or on any particular issue;
    - (iii) If we do vote or consent for you, we do not as a result become a mortgagee in possession. We are not responsible to protect your interests. We are also not responsible for the way we vote or consent, or if we fail to do so;
    - (iv) We can, if we wish, give notice to you and the condominium corporation at any time that we do not intend to exercise our right to vote or consent and, until we revoke this notice, you may vote or consent. Any notice we may give may be for an indeterminate or limited period of time, or for a specific meeting or matter.
- (o) If we wish, the Outstanding Amount will become payable immediately if:
    - (i) the governing of your Property by the condominium corporation under the *Condominium Act* (Ontario) is terminated. This means your Property is no longer part of a condominium;
    - (ii) a vote of the unit owners authorizes the sale of all or any material part of the property of the condominium corporation, including a material part of its common elements;

(iii) the condominium corporation fails to comply with the *Condominium Act* (Ontario), or the declaration, by-laws or rules and regulations of the condominium corporation;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against, for full replacement cost;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

SECTION 27 – LEASEHOLD MORTGAGES

(1) If you rent or lease your Property from someone else, you certify that:

(a) You lease your Property under a valid lease, you have given us a copy of that lease and you have good leasehold title to your Property;

(b) You have paid all rents and other payments required under the lease and you have kept all of your other promises in the lease, up to the date you sign or authorize the Mortgage;

(c) You either have the consent of your landlord to the Mortgage, or you have the right to charge your interest in the lease to us, without consent; and

(d) There are no limitations on your interest in the lease except for any set out in the lease, or restrictions registered in the land registry office.

(2) From now on, you promise that:

(a) You will pay rents and other payments required by the lease when due;

(b) You will do everything you are required to do under the lease;

(c) You will not surrender or transfer your interest in the lease or cause it to be terminated or transferred;

(d) You will not make any change in the lease without our approval;

(e) You will immediately give us a copy of any notice or demand you receive about the lease;

(f) You will, at your expense, do anything that we think necessary to ensure that all your interest in your Property and in the lease is covered by the Mortgage and that the Outstanding Amount is adequately secured;

(g) If you default under the lease, and we have to pay anyone else, as required by law or to protect our security, you will pay us back. If you do not pay us back, the amount we paid will be added to the Outstanding Amount;

(h) You will hold the last day of the term of the lease or of any renewal term in trust for us and will only deal with it as we require. At our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal;

(i) We may remove you or any other person as trustee of this trust and appoint a new trustee;

(j) You must not let any renewal or other options lapse. Unless we tell you otherwise, you should renew the lease or exercise any other option so that the lease will continue as long as the Mortgage is outstanding, and provide us with evidence as we may require;

(k) If you subsequently buy the Property from the owner, the Mortgage will automatically become a Mortgage on the entire interest in the Property, as if you had owned Property at the time that we advanced you the Principal Amount. If we ask, you agree to re-mortgage and charge your interest in your Property to us, and to execute or authorize a mortgage and any other documents we ask;

(l) If you fail to keep any of your promises under the lease, we can treat that as if you had defaulted under the Mortgage and we can exercise our rights under Section 22;

(m) If we enforce our rights under the Mortgage, then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in your Property; and

(n) You irrevocably appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal, and transfer your interest in your Property. This is a right coupled with an interest.

SECTION 28 – EXPROPRIATION

(1) If your entire Property is expropriated, the Outstanding Amount will immediately become due and payable, together with any applicable Prepayment charge.

(2) If only a part of your Property is expropriated, you promise to pay to us the amount you are awarded for the partial expropriation and we will credit it to any Prepayment charge applicable to that amount and to the Outstanding Amount.

(3) If we consider that the remainder of your Property is not adequate security for the Outstanding Amount, then the Outstanding Amount, or the part of the Outstanding Amount as we decide, will immediately become due and payable together with the Prepayment charge applicable to that amount.

(4) Any amount you pay us because of an expropriation must include the Prepayment charge applicable to that amount.

SECTION 29 – GUARANTEE

(1) In this Section the term "Borrower" means the person we loaned money to and who gave us the Mortgage.

(2) In return for us having made a loan to the Borrower, each person who signs the Registered Mortgage as "Guarantor" agrees with us, as a principal debtor and not as a surety, to pay us the Principal Amount and all other amounts secured by this Mortgage, together with interest at the Interest Rate on the days and at the times the Borrower is required to pay them under the Mortgage and to observe and keep all of the Borrower's other Promises under the Mortgage, without our having to ask the Guarantor to do so.

(3) Each Guarantor, if there is more than one, will be jointly and severally liable with each other and with the Borrower for keeping all the Promises. This means that if there are 2 or more Guarantors, each is collectively and individually liable with each other and with the Borrower for keeping all the Promises.

(4) We may at any time and from time to time do the following without the consent of, or notice to, any Guarantor:

(a) give extensions of the time to pay any amount owing under the Mortgage or the keeping of any other Promises or waive the Borrower's obligation to keep any particular Promise;

(b) give extensions of the Term, including any renewals of the Mortgage or its Term for further periods of time, whether any extension or renewal is by way of a written agreement with the Borrower or otherwise;

(c) increase or decrease the Interest Rate, either during the Term or any renewal or extension period of the Mortgage;

(d) release the whole or any part of the Borrower's Property from the Mortgage;

(e) waive any provisions of the Mortgage or change any terms or conditions of the Mortgage at any time during the Term, or during any future extension or renewal period;

(f) shorten or lengthen the amortization period of the Mortgage;

(g) advance and re-advance amounts of Principal Amount to the Borrower;

(h) permit any prepayment of Principal Amount, the skipping of any payment or the making of multiple payments by the Borrower, whether or not these payments are allowed under the Mortgage; and

(i) release any Guarantor from any promise made in this Section or release the Borrower or any future owner of the Property from any Promise made in the Mortgage;

without in any way affecting the guarantee or the obligations of any Guarantor. The obligations of the Guarantor under this guarantee will extend to and include the Promises of the Borrower as so amended, renewed, extended, varied or waived.

(5) We may require any Guarantor to make a payment or keep any Promise from any Guarantor before we try to get the Borrower to make the payment or keep any Promise.

(6) The Guarantor's promises and obligations under this guarantee will not be affected by any of the following:

(a) the Borrower's or any Guarantor's disability, incapacity or death;

(b) any invalidity in the Mortgage or Promises of the Borrower;

(c) any release of Promises, except if the Outstanding Amounts are paid in full, including any Prepayment charge;

(d) our getting a court order against the Borrower, or our taking any steps to realize on the Mortgage (or not taking any steps), or by our exercising any remedy against the Borrower or the Borrower's assets;

(e) any law which might affect any terms of the Mortgage or this guarantee, or the Borrower or the Guarantor;

(f) any failure by us to enforce our rights under the Mortgage or Other Security; and

(g) any other fact or occurrence which may change the Guarantor's risk, or might constitute a discharge of the Guarantor.

(7) Until the Borrower has kept all of the Borrower's Promises, including paying everything the Borrower owes the Guarantor the Borrower will not have any guarantee rights and the Guarantor agrees not to ask for reimbursement from the Borrower until such time.

(8) The Guarantor acknowledges having received a copy of the Mortgage.

(9) All obligations of any Guarantor will also be those of the Guarantor's heirs, executors, administrators, personal representatives, successors and assigns and will not be altered by the insolvency or bankruptcy of any Borrower or Guarantor.

(10) The Guarantor's liabilities and obligations under this Guarantee are absolute and unconditional in all circumstances.

SECTION 30 – ADMINISTRATION FEES

You promise to pay to us, when we ask, our administration and processing fees we charge at that time to prepare an assumption statement, information statement, payout statement, amending or other agreement, a transfer of the Mortgage, or any fees referred to in Section 23. If you do not pay a fee it will be added to the Outstanding Amount. Interest at the Interest Rate will be charged on these unpaid fees.

SECTION 31 – APPLICABLE LEGISLATION

31.1 Statutory Covenants Replaced

The *Land Registration Reform Act* sets out certain covenants in Section 7 (1). These covenants are excluded from the Mortgage and replaced with your Promises.

31.2 Ontario New Home Warranties Act

If the *Ontario New Home Warranties Plan Act* applies to your Property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

31.3 National Housing Act

If the Mortgage is insured by CMHC the Mortgage is made under the *National Housing Act*.

31.4 Spousal Consent

Your spouse, by signing the Mortgage, consents to the Mortgage and releases all interest in the Property to the extent necessary to give effect to our rights under the Mortgage. Your spouse also agrees that we may, without further notice, deal with the Property and the debt created by the Mortgage as we wish.

SECTION 32 – WHO IS BOUND BY THE MORTGAGE

(1) Not only are you bound by everything in the Mortgage, but also your heirs, executors, administrators, personal representatives, successors and assigns, and anybody else to whom your Property is transferred are bound.

(2) If more than one person signs or authorizes the Mortgage as Borrower, then all persons who sign or authorize are jointly and severally liable to keep all Promises under the Mortgage.

(3) If more than one person signs or authorizes the Mortgage as Guarantor or signs or authorizes a guarantee of the Mortgage, then all persons who sign or authorize are jointly and severally liable to keep all Promises under the Mortgage.

(4) By way of explanation, the term "jointly and severally" means that if there is more than 1 person signing or authorizing the Mortgage as Borrower or as Guarantor, each is collectively and individually liable with all other persons signing or authorizing for keeping all the Promises.

SECTION 33 – INTERPRETATION

33.1 Partial Invalidity

If any provision of the Mortgage is found to be illegal or unenforceable, this will not affect the validity or enforceability of the other provisions.

33.2 Paragraph and Section Headings

Paragraph and Section headings do not form part of the Mortgage, but are used only for easy and convenient reference. They do not affect the construction or interpretation of the Mortgage.

33.3 Number and Gender

Unless the context requires otherwise, words in the singular include the plural, and vice versa, and words specifying a gender include all genders.

33.4 Statutes

Any reference to any statutes shall be deemed to be a reference to such statute and any and all regulations from time to time made under such statute and to such statute and regulations as amended or re-enacted from time to time. Any references in this document to a specific section or sections, paragraph or clause of any statute or regulation shall be deemed to include a reference to any corresponding provision of future law.

Date: **November 25, 2005**

ROYAL BANK OF CANADA

Per:
Name: Catherine Adams
Title: Vice President, Home Equity Financing Products

Per:
Name: Nancy Santini
Title: Assistant Secretary

TRADEMARKS

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200602 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 2006O3 Cote
Filing Date January 12th/06 Date de Dépôt
Page 1 of/de 10 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Fixed Rate Charge/Mortgage
(Land Titles Act and Registry Act)

Land Registration Reform Act

Filed by Scotia Mortgage Corporation **SET OF STANDARD CHARGE TERMS NO.**

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the Act.

1. DEFINITIONS

In this set of standard charge terms, **mortgage** means, for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land, or, for the electronic registration system, the charge prepared in electronic format and registered electronically pursuant to the provisions of the *Land Registration Reform Act* (as amended or replaced), as well as any attached schedules and this set of standard charge terms. **You** and **your** mean each person who signs the mortgage as chargor. **We, our** and **us** mean Scotia Mortgage Corporation, the chargee. **Your property** means the land described under Description or under Properties in the mortgage, all buildings now or later on it and anything now or later attached or fixed to the buildings or the land, including additions, alterations and improvements. **Principal amount** means the amount specified as the Principal Amount or as the Principal in the mortgage. **Loan amount** means the outstanding balance of all amounts (including interest) owing to us from time to time under the mortgage, as amended from time to time. Any reference to signing any document includes an electronic signature.

Any reference to signing the mortgage means signing Form 2 Charge/Mortgage of Land or a schedule to it, or signing an Acknowledgement and Direction or any schedule to it for electronic registration. References to paragraphs refer to paragraphs of this set of standard charge terms.

If this mortgage is a CMHC-insured mortgage, it is made pursuant to the **National Housing Act.**

2. WHAT THE MORTGAGE DOES

In return for our making a loan to you in the principal amount (which, by signing the mortgage, you acknowledge having received from us), you:

i) If you are the owner of your property, charge your property to us and our successors and assigns (called our **legal representatives**);

or

ii) If you are a tenant of your property under a lease, charge your interest in your property (including any option to purchase) to us and our legal representatives, for the entire term of the lease;

as security for repayment of the loan amount and the performance of all of your other obligations under the mortgage. This means you charge your entire interest in your property to us and to anyone to whom the mortgage is transferred in any way.

Termination of the Mortgage:

Our interest in the property terminates when you have:

- Repaid the loan amount (including interest) as provided in the mortgage; and
- Complied with all of your other obligations under the mortgage.

3. INTEREST

A. Interest Rate

The interest rate payable by you on the loan amount is specified as the Interest Rate in the mortgage. Interest is payable monthly and calculated half-yearly not in advance. The first half-yearly calculation of interest after the **interest adjustment date** (IAD) (which is one month before the date on which your first regular monthly loan payment is due) specified as the Interest Adjustment Date in the mortgage shall be for the six month period commencing on that date. That calculation shall be made six months after the interest adjustment date and half-yearly calculations of interest shall continue to be made every six months after that. Interest is payable on the loan amount at this rate both before and after the final payment date as well as both before and after default and judgment, until the loan amount has been paid in full.

B. Compound Interest

If on any monthly loan payment date you do not make the payment due on that day, we will charge you interest on any overdue portion of the loan amount (including interest) until paid to us. This is called **compound interest.** Compound interest shall be paid on your monthly loan payment dates. We will also charge interest, at the rate payable on the loan amount, on compound interest that is overdue until paid to us, both before and after the final payment date as well as both before and after default and judgment.

C. Progress Draw Construction Mortgage

If this is a Progress Draw Construction Mortgage, the annual interest rate of your mortgage, during the Construction Period, will be a floating interest rate equal to Scotiabank's Prime Rate plus 1%. Interest will be payable monthly, and calculated half-yearly, not in advance. Your interest rate will vary automatically, without notice to you, on the day Scotiabank's Prime Rate changes. Scotiabank's Prime Rate in effect at any time is available at any Scotiabank branch in Canada.

The Construction Period is defined as the 9 month period following the date of your 1st mortgage advance or the period from the date of your 1st advance to the date your mortgage is at least 75% advanced, whichever is shorter.

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4. HOW YOU WILL REPAY YOUR LOAN

A. Currency and Place of Payment

You shall pay the loan amount to us in Canadian dollars. Your regular monthly loan payments and all other payments will be made at the Branch address set out as the Chargee(s) Address for Service in the mortgage, or at any other place we may designate, and are payable as follows:

B. Interest Payable Prior to your First Regular Payment Due Date

Before your term start date you will pay us interest, at the rate payable on the loan amount, calculated semi-annually, not in advance, on all money we have advanced to you.

If more than 1 month will elapse from the advance date to your 1st regular payment due date, you will owe interest for the period, separately. At our option, such interest will be due and payable one month prior to the 1st regular payment due date or on the 1st regular payment due date or it may be deducted from subsequent advances. We may also require you to pay this interest monthly, before we set a first regular payment due date.

C. Payments after the Interest Adjustment Date

The principal amount, together with interest calculated from the interest adjustment date, shall become due and be paid by you in regular monthly loan payments.

You will make your regular monthly loan payments to us in equal instalments in the amount specified as the Amount of Each Payment or as Payments in the mortgage beginning on the date specified as the First Payment Date in the mortgage and continuing monthly thereafter until the date specified as the Last Payment Date in the mortgage. Each date that you are required to make a monthly loan payment is called a **monthly loan payment date**. Each monthly loan payment consists of a portion of the principal amount together with the interest due and payable on the monthly loan payment date.

You will pay the balance of the principal amount, together with all interest due and payable on it, on the date specified as the Balance Due Date in the mortgage (which is the same as the date specified as the Last Payment Date in the mortgage and is called the **last payment date**).

D. Application of Monthly Loan Payments

Each monthly loan payment will be used: **first**, to pay interest due and payable and **next**, to reduce the principal amount.

E Early Payment on sale or Mortgage

If you sell, transfer, mortgage or charge your property, we may, at our option, require you to pay all the money that you owe us under this mortgage immediately, unless we have given our prior written consent to the sale, transfer, mortgage or charge. If we consent to the sale, transfer, mortgage or charge and do not require you to immediately pay all the money that you owe us under this mortgage, your obligations to us under this mortgage and our rights against you or anyone else who is liable for the payment of money owing under this mortgage, are not affected.

F. Progress Draw Construction Mortgage

If this is a Progress Draw Construction Mortgage, you will pay interest only payments, monthly, during the construction period, starting one month from the date of your 1st advance. Your interest only payment amount will vary automatically with our prime rate (as outlined in paragraph 3 C above) and will be calculated based on the principal amount advanced so far. Your last interest only payment amount will be due on the earlier of; the last payment date specified as the Last Payment Date in the mortgage, 9 months from the date of your 1st advance, or, on the date your mortgage is at least 75% advanced. At that time, the total loan amount plus all interest owing will become due and payable, unless converted as set out below.

If your progress draw construction loan is not 75% advanced on or before the end of the nine-month construction period, we may, at our discretion:

1. convert your mortgage as described below
2. continue to collect interest-only payments for a set period of time
3. require the outstanding loan amount and all interest owing to be paid in full

Convertible Feature

When your mortgage loan is at least 75% advanced (providing this occurs on or before the end of the 9 months from the date of the first advance), we will automatically reset your term start date and convert your mortgage to your chosen term, rate type, and repayment schedule, based on the full principal amount, as detailed in the Personal Credit Agreement or amendment to that agreement. We will provide you with a confirmation notice, which will set out, among other things, your mortgage interest rate, principal & interest payment amount, term start date and maturity date.

5A. PREPAYMENT CHARGES – PAYING OFF YOUR MORTGAGE BEFORE THE MATURITY DATE.

You may prepay some, or the entire mortgage early, based on the type of mortgage you have. If we later agree to change or extend the terms of the loan, these prepayment conditions do not apply to the new renewal or extended term.

Closed Prepayment Type

Providing all your mortgage payments are up to date, you may increase your payments, or pay off some of your mortgage early in one of the three ways listed in the following chart. These options apply to partial prepayments only. The options are available each year and cannot be saved to use in a later year. Each year is defined as the 12-month period starting on the Term Start Date (also referred to as the Interest Adjustment Date) or the anniversary of that date. If your mortgage term is less than 12 months, these options are available in each term.

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PREPAYMENT OPTIONS		
How	**When**	**What it means**
1 *by paying an extra regular mortgage payment (principal, interest and taxes)	on any regular payment date during the year	your principal mortgage balance will be reduced by that amount
2. *by paying up to 15% of the original principal amount of your mortgage	at any time (excluding day prepaid in full), sum total not to exceed the yearly maximum	
3. by increasing your regular mortgage payment by up to 15% of the principal and interest payment set for the term of the mortgage	once each year of the term of your mortgage	

*Only items 1 & 2 qualify for the Miss a Payment option

Prepayment Charge

When you prepay some, or the entire principal of your mortgage, you will incur prepayment charges unless the partial prepayment is in accordance with the *prepayment options* chart above. The cost to pay off some, or the entire principal amount of your mortgage early, is the **higher** of **(A)** or **(B)**:

(A) *3 months' interest costs* at the mortgage rate on the amount you want to pre-pay.

(B) *the interest rate differential*. This means the difference between your existing mortgage interest rate and the interest rate currently charged for a mortgage similar to yours for the remaining term of the loan. (This is, our current posted interest rate for a fixed rate closed term mortgage with a term that is closest to the remaining term of your existing mortgage, less any rate discount you received on your existing mortgage). The cost is calculated on the amount you wish to prepay.

If your term is greater than 5 years and you prepay some or the entire principal amount of your mortgage after the 5th year, the maximum cost to prepay is (A) above.

If you received a cashback with your mortgage, the cashback amount will be repayable as outlined below under the heading *Cashback*.

Flexible Prepayment Type

In addition to the Closed Prepayment Type options and charges outlined above, if you have a flexible mortgage you may early renew your mortgage into a fixed rate closed term of one year or longer without a prepayment charge. If you receive a cashback with your mortgage, the cashback amount will be repayable as outlined below under the heading *Cashback*.

Portable Mortgage/Blended Rate

If you have a closed fixed rate mortgage, you may transfer your existing mortgage loan balance and the remaining term to a new home or you may combine your existing loan balance with an additional amount and extend your term. The interest rate on the new loan will be a blending of the rate you were paying on the amount transferred from your existing loan and the rate applicable to the extended term of the new loan and the additional amount. You must apply for a new mortgage and meet all our normal qualifications as if you were applying for any other new mortgage.

Prepayment Charge Reduction

ou payoff your entire mortgage early and concurrently provide us with a qualifying replacement mortgage, you may qualify for a prepayment charge reduction. Your Servicing Branch will review the details with you.

Miss a Payment® Option

You may miss any scheduled payment, as long as you have prepaid an amount equal to the amount of the payments you intend to miss in this term and your mortgage is not in default. You cannot, however, miss your Mortgage Protection premium, if applicable. Extra payments or prepayments may not be used to miss a payment if this mortgage is assumed by a subsequent purchaser.

Continuing Liability

Unless you prepay the balance of the principal amount owing, you must continue to make your regular mortgage payments.

If this is a Progress Draw Construction Mortgage

If this is a Progress Draw Construction Mortgage, section 5A does not apply to your mortgage during the Construction Period.

B. Cashback

If you receive a cashback with your mortgage, the cashback amount will be repayable if your mortgage loan does not remain outstanding with us for the full term. If your mortgage is partially prepaid, paid off in full, transferred, assumed, or renewed prior to expiry of the term, the cashback amount will appear as payable in any assumption, discharge or early renewal statement and will be calculated on an even, prorated basis using the following formula:

$$\text{Cashback Repayment} = \frac{\text{Remaining Term in months (rounded up)}}{\text{Original Term in months}} \times \text{Cashback Amount Received}$$

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6. YOUR TITLE TO YOUR PROPERTY

A. As Owner of Your Property, you certify that:

- i) You are the lawful owner of your property;
- ii) You have the right to give us the mortgage;
- iii) There are no encumbrances on the title to your property; and
- iv) There are no limitations or restrictions on your title to your property except building by-laws, zoning regulations and registered restrictions.

This paragraph A applies unless you have advised us in writing that you are a tenant of your property under a lease, in which case paragraph B applies.

B. It you Are a Tenant of Your Property

- i) You certify that:
  - a) The property is leased to you and your legal or personal representatives under a lease, a copy ofwhich you have provided to us;
  - b) The lease is a binding and existing lease and all information you have provided to us concerning it is true;
  - c) All rents payable under the lease have been paid to the date you sign the mortgage;
  - d) You have permission or the right to assign and mortgage or charge the lease; and
  - e) Except as expressed in the lease, there are no limitations, restrictions or encumbrances on your interest under the lease other than building by-laws, zoning regulations and registered restrictions.
- ii) You promise:
  - a) To pay the rent as it falls due;
  - b) To comply with all of the other terms of the lease and not to do anything that would cause the lease to be terminated;
  - c) Not to surrender the lease;
  - d) Not to make any change in the lease without first obtaining our written consent;
  - e) To give us a true copy of any notice or request you receive concerning the lease; and
  - f) To notify us immediately if your landlord advises you of early termination or takes any steps to effect early termination of the lease.

C. You will not do anything that will interfere with our interest in your property.

D. In order to ensure that your entire interest in your property is charged to us you will sign any other documents or do anything further that we think is necessary.

7. USE OF YOUR PROPERTY

You will not make any additions, alterations or improvements to your property or use your property for any business purposes without our prior written consent. You may not use your property for any illegal purposes.

8. WE ARE UNDER NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance the entire principal amount or any part of it to you then we do not have to do so, even though the mortgage is prepared, signed or registered, and whether or not any part of the principal amount has already been advanced. However, by signing the mortgage you charge all of your interest in your property to us. You will reimburse us, on demand, for all our expenses of investigating the title to your property and preparing and registering the mortgage.

9. TAXES

A. You will make **monthly tax payments** to us on account of property taxes on each monthly loan payment. The amount of each monthly tax payment will be 1/12th of our estimate of a year's taxes on your property next becoming due and payable and may change from time to time to reflect changes in the annual taxes on your property. The monthly tax payments should enable us to pay all property taxes on or before their annual due date. Or, if your property taxes are payable in instalments, the monthly payments should enable us to pay the full year's instalments of property taxes on or before the date on which the first instalment is due.

B. If, however, the annual due date or the first instalment date for the payment of your property taxes is less than one year from the interest adjustment date, you will pay us equal monthly tax payments during that period and during the next 12 months. These equal monthly tax payments will be based on our estimate of the total taxes payable for both periods so that we will receive enough money from you to pay all taxes for both of those periods.

C. You will also pay us, on demand, any amount by which the actual taxes on your property exceed our estimate of your taxes. Or, at our option, we may increase the monthly payment to cover this amount.

D. We will pay your taxes from the monthly payment we receive from you as long as you are not in default under the mortgage. We are not obliged to make tax payments on the dates they are due or more often than once a year. If you have not paid us enough for taxes, we may still pay the taxes. This will create a debit balance in your tax account. Any debit balance is immediately payable by you. We are under no obligation to advise you that a debit balance has been created.

E. We will pay you interest on any credit balance in your tax account. The interest we pay will not be less than that paid by The Bank of Nova Scotia on savings-chequing accounts with the same credit balance. We will charge you interest on the debit balance in your tax account at the interest rate payable on the loan amount until the debit balance is paid to us in full.

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F. If you fail to pay us any amount when it is due, we may apply the money in your tax account towards payment of such amount.

G. We can deduct from the total final advance of the principal amount enough money to pay all taxes due on or before the interest adjustment date and which have not been paid on the date the final advance is made.

H. You will immediately send us all assessment notices, tax bills or tax notices which you receive.

10. PAYMENTS WE CAN MAKE

We can pay off any liens, claims or encumbrances against your property which we consider to have priority over the mortgage. We can also pay all our expenses of collecting any payments not received from you when due. These expenses will include all our legal expenses on a solicitor and own client basis. You must immediately reimburse us for any amount so paid.

If we pay off any liens, claims or encumbrances against your property, we will be entitled to all the rights, equities and securities of the person, company, corporation or Government so paid off.

11. TRANSFER OF LEASES AND RENTS

A. If you have leased or, at a later date, lease all or part of your property to another person or persons, then, upon our written request, you will transfer and assign to us:

- i) All leases, lease agreements and their renewals;
- ii) All rents and other money payable under the terms of all leases and agreements. However, we may allow you to receive the rents so long as there is no default by you in making your payments to us or in complying with your other obligations to us under the mortgage; and
- iii) All rights under the leases and agreements as they affect your property.

B. In addition, you confirm that:

- i) You must obtain our prior written consent for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease);
- ii) Nothing we do under this paragraph 11 shall put us in possession of your property;
- iii) However, if you default under the mortgage, we have the right to take possession of your property; and
- iv) We are not obliged to collect any rent or other income from your property nor to comply with any term of any lease or agreement.

12. INSURANCE

You will without delay insure, and keep insured, in our favour and until the mortgage is discharged, all buildings covered by the mortgage (including those which will be built in the future both during construction and afterwards) against loss or damage by fire and other perils usually covered in fire insurance policies and against any other perils we request. Such insurance must be provided by a company approved by us for the replacement cost of the buildings (the maximum amount for which the buildings can be insured) in Canadian dollars. Your policy must be in form satisfactory to us and must include extended perils coverage and a mortgage clause stating that loss is payable to us. You shall, at our request, transfer to us all insurance policies and receipts you have on the buildings and any proceeds from that insurance.

If you do not:

- — Maintain insurance on the buildings that, in our opinion, complies with this paragraph;
- — Deliver a copy of any insurance policy or receipt to us at our request; or
- — Provide us with evidence, at our request, of any renewal or replacement of the insurance, at least fifteen full days before your insurance expires or is terminated,

we can, but are not obliged to, insure any of the buildings. What we pay for this insurance shall be added to the amount you owe under this mortgage and shall bear interest at the mortgage interest rate. You will pay this amount with your next monthly payment. If any loss or damage occurs, you will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. The production of this mortgage will be sufficient authority for an insurance company to pay us any loss related to the insurance policy or to accept instructions from us dealing with the loss.

Insurance proceeds may, in whole or in part, at our option, be:

- a Applied to rebuild or repair the damaged buildings;
- b Paid to you;
- c Paid to any other person who owns or did own the property, as established by the registered title; or
- d Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

This paragraph 12 does not apply (and paragraph 22E does apply) if your property is a condominium unit.

13. KEEPING YOUR PROPERTY IN GOOD CONDITION

You shall keep your property in good condition and make any repairs needed. You shall not do anything, or let anyone else do anything, that lowers the value of your property. We can inspect your property at any reasonable time. If, in our opinion, you:

- — Do not keep your property in good condition; or
- — Do or allow anything to be done that lowers the value of your property;

we can make any repairs we think are advisable. The costs of any inspections and any repairs we make are immediately payable by you.

14. ENVIRONMENTAL PROVISIONS

We (including, in this section, the Canada Mortgage and Housing Corporation if this is a CMHC-insured mortgage) may inspect your property and the buildings on it when we consider it appropriate. We may do this for any purpose but particularly to conduct environmental testing, site assessments, investigations or studies which we consider necessary. The costs of any testing, assessment or study will be payable by you and you will pay us the costs immediately after we give you notice of them. If you do not pay us when we request it, we can add the amounts to the outstanding balance under your mortgage and they will bear interest at your mortgage interest rate. If we do the things permitted under this section, we will not be considered to be in control of your property.

15. REPAYMENT OF LOAN AMOUNT ACCELERATED

The loan amount will become payable immediately, at our option, if:

a) You default in making any regular monthly loan payment, or any other payment you are obliged to make to us under the mortgage.

b) You fail to comply with any of your other obligations under the mortgage.

c) Any lien is registered against your property or we receive written notice of any lien that is created as a result of unpaid property taxes, unpaid condominium maintenance fees, judgements or construction liens or other similar encumbrances.

d) Your property is abandoned.

e) Any buildings being erected or additions, alterations or improvements done on your property remain unfinished without work being done on them for 30 consecutive days.

f) You, or any party using your property with your permission, uses your property for illegal purposes.

16. APPOINTING A RECEIVER TO RECEIVE INCOME

If you default in making any regular monthly loan payment or any other payment which you have agreed to make to us, or in complying with any of your obligations under the mortgage, we can, in writing, appoint a receiver (which includes a receiver and manager) to collect any income from your property. We can also, in writing, appoint a new receiver in place of any receiver appointed by us. The receiver is considered to be your agent and not ours and his defaults are considered to be solely your defaults.

The receiver has the right to:

- Use any available remedy (taken in your name or our name) to collect the income from your property;
- Take possession of your property or part of it; and
- Manage your property and maintain it in good condition.

From the income collected the receiver may:

a) Retain a commission of 5% of the total money received or any higher rate permitted by a judge or other authorized officer.

b) Retain enough money to pay disbursements spent on collecting the income.

c) Pay all taxes, fire insurance premiums, expenses of keeping your property in good condition, interest on those payments and all other charges that have priority over the mortgage and interest on those charges.

d) Pay us all interest that is due and payable under the mortgage and then pay us all or part of any other amount payable under the mortgage, whether it is due or not.

Nothing done by the receiver puts us in possession of your property or makes us accountable for any money except for money actually received by us.

17. ENFORCING OUR RIGHTS

A. Default in Payment

If you default in making any regular monthly loan payment or any other payment that you are obliged to make to us under the mortgage, we may enforce any one or more of the following remedies in any order:

i) Sue you — We may take such action as is necessary to obtain payment of the loan amount.

ii) Foreclose or sell your property — We may commence court proceedings to foreclose your right, title and equity of redemption to all or part of your property. If we obtain a final order of foreclosure, your property will by law become our property.

We may also ask the court to order the sale of your property. If the court makes such an order, it will supervise the sale proceedings. The net proceeds of the sale will be applied to reduce the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

iii) Power of sale — If you default in making any payment for 15 days, we can on 35 days' notice to you enter on your property and:

a) Take possession of it;

b) Sell all or part of your property (for cash or on credit, or partly for cash and partly on credit) by private sale or public auction for the price and on those terms that can be obtained;

c) Lease it on such terms and for whatever period we may decide upon; or

d) Take any other remedy available to us under Ontario law.

Notice shall be given to you and to such other persons in the manner and as required by law at the time it is given. Where there are no such requirements, notice may be given to you, at our option, by one or more of the following means:

- Personal service at your last known address;
- Registered mail at your last known address;

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- Publication in a newspaper published in the county or district where your property is located;
- Leaving it with an adult on your property; or
- Posting it on your property.

If default continues for three months, we may enter on, sell or lease your property without any notice unless notice is required by law.

We may apply the net proceeds of the sale or lease to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale or lease of your property is less than the loan amount, you must pay us the difference.

B. Default in your obligations including default in payment — If you default in any obligation under the mortgage (including any default referred to in paragraph A), we can enforce our above rights and we can enter on your property at any time, without the permission of any person, and make all arrangements that we consider advisable to:

- Inspect, lease, collect rents or manage your property,
- Repair or put in order any building on your property; or
- Complete the construction of any building on your property.

We can also take whatever action is necessary to take possession, recover and keep possession of your property.

C. Sale of goods (commercial mortgage only) —

If this is a commercial mortgage and you fail to make any payment to us when it is due, we can distrain against your goods. This means we can take any goods on your property and sell them as permitted by Ontario law. We may apply the net proceeds from the sale to reduce any part of the loan amount. Taking this action does not put us in possession of your property nor make us accountable for any money except the money we actually receive.

D. You will not interfere — You will not interfere with our possession of your property (if we go into possession of your property in enforcing our above rights) nor with the possession of anyone to whom your property is sold or leased by us or any receiver. You agree not to make any claim concerning the sale or lease of your property against anyone who buys or leases it from us or any receiver, or anyone who buys or leases it after that time.

E. Our expenses — You will immediately pay all our expenses of enforcing our rights. Our expenses include our costs of taking or keeping possession or your property, an allowance for the time and services of Scotia Mortgage Corporation's and/or The Bank of Nova Scotia's employees utilized in so doing, our legal fees on a solicitor and own client basis and all other costs related to protecting our interest under the mortgage.

F Judgements — If we obtain a court judgement against you for your failure to comply with any of your obligations to us under the mortgage, the judgement will not result in a merger of the terms of the judgement with our other remedies or rights to enforce your other obligations under the mortgage. We will continue to be entitled to receive interest on the loan amount at the rate payable on the loan amount and at the same times as provided for in the mortgage. The rate of interest payable on any judgment shall be calculated and payable in the same way as interest is calculated under the mortgage and at the same rate that interest is payable on the loan amount until the judgment has been paid in full.

18. DELAY IN ENFORCEMENT OF OUR RIGHTS

No delay or extension of time granted by us to you or any other person in exercising the enforcement of any of our rights under the mortgage nor any agreement referred to in paragraph 21 shall affect our rights to:

a) Receive all payments you are obliged to make to us, when they are due and payable.
b) Demand that you repay the loan amount and all interest which is due and payable, on any default by you.
c) Have you comply with all of your obligations to us under the mortgage.
d) Have any other person comply with the obligations that person has to us under the mortgage.

19. BUILDING MORTGAGE TERMS

An improvement means any alteration, addition or repair to any building on your property or any construction, erection or installation on your property. If the purpose of the mortgage is to finance an improvement, you must so inform us in writing immediately and before any advances are made under the mortgage. You must also provide us immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. You agree that any improvement shall be made only according to contracts, plans and specifications approved in writing by us in advance. You must complete all such buildings or improvements as quickly as possible and provide us with proof of payment of all contracts from time to time as we require. We will make advances (part payments of the principal amount) to you based on the progress of the improvement, until either completion and occupation or sale of your property. We will determine whether or not any advances will be made and when they will be made. Whatever the purpose of the mortgage may be, we may in our sole and absolute discretion hold back funds from advances until we are satisfied that you have complied with the holdback provisions of the Construction Lien Act as amended or re-enacted. You authorize us to provide information about the mortgage to any person claiming a construction lien on your property.

20. RELEASING YOUR PROPERTY FROM THE MORTGAGE

We may establish the terms for releasing our interest in all or part of your property (that is, we may discharge, or partially discharge, your property) from the mortgage whether we receive value for our release or not. If we release part of your property from the mortgage at any time, the rest of your property will continue to secure the loan amount. We are only accountable for money actually received by us.

If your property is subdivided before our interest in your property comes to an end, the mortgage will be secured by each part into which your property is subdivided. This means that each part will secure repayment of the total amount you owe us, even if we release another part of your property from the mortgage.

In any part of the property, of any land adjoining the property, is taken by the exercise of any power of expropriation or similar power, the entire compensation which you may be entitled to receive shall, at our option, be applied to reduce the balance or the mortgage including any penalty, fee or interest to which we have a right under this mortgage or in the relevant legislation.

We can release you, any guarantor, or any other person from performing any obligation contained in the mortgage or any other security document, without releasing any part of your property secured by the mortgage or any other security, and any such release shall not release any other person from the obligations in the mortgage.

21. RENEWING OR OTHERWISE AMENDING THE MORTGAGE

We may from time to time enter into one or more written agreements with you (or with any one to whom your property is transferred) to amend the mortgage by extending the time for payment, renewing it or its term for further periods of time, changing the interest rate payable under the mortgage or otherwise altering the provisions of the mortgage. Whether or not there are any encumbrances on your property in addition to the mortgage at the time the agreement is entered into, it will not be necessary to register the agreement on title in order to retain priority for the mortgage, as amended, over any instrument registered after the mortgage. Any reference in this set of standard charge terms to the mortgage means the mortgage as amended by any such agreement or agreements.

22. CONDOMINIUM PROVISIONS

If your property is a condominium unit, you are also to comply with the provisions in this paragraph 22 in addition to all of the other provisions of the mortgage (except paragraph 12).
In this paragraph 22, the Condominium Act, as amended or re-enacted, is called the **Act**. Expressions used below which are the same as those in the Act have the same meaning as those in the Act, except that the expression **condominium property** has the same meaning as the word "property" in the Act.

A. You will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the **corporation**) relating to your property and provide us with proof of your compliance from time to time as we may request.

B. You will pay the common expenses for your property to the corporation on the due dates. Or, if we exercise our right to collect your contribution towards the common expenses from you, you will pay the same to us upon being so notified. We can accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due.

C. You will forward to us any notices, assessments, by-laws, rules and financial statements of the corporation you receive (or are entitled to receive) from the corporation.

D. You will maintain all improvements made to your unit and repair them after damage.

E. Insurance — In addition to the insurance which the corporation must obtain, you must:

- i) Insure all improvements which you or previous owners have made to your unit;
- ii) Obtain insurance for those additional risks that we require;
- iii) Insure your common or other interest in buildings (whether presently existing or built in the future, both during construction and afterwards) which are part of the condominium property or assets of the corporation if the corporation fails to insure the buildings or assets as required or if we require you to do so;
- iv) Assign your insurance policies to us and (as far as permitted by law) your interest in the policies held by the corporation.
- v) Provide us with proof that the required insurance is in force, as well as evidence of any renewal or replacement of the insurance, within fifteen days before the insurance expires or is terminated.
- vi) Do all that is necessary to collect insurance proceeds.

Each of your insurance policies (and those of the corporation) must comply with the following:

— Your property must be covered against destruction or damage by fire and other perils usually covered in fire insurance policies and against any other perils we require for its full replacement cost (the maximum amount for which it can be insured) in Canadian dollars;

— The insurance company and the terms of the policy must be satisfactory to us.

If you fail to insure your property as required in this paragraph 22, we can, but are not obliged to, obtain any insurance which you are required to obtain. What we pay for this insurance will immediately become payable by you to us. If any loss or damage occurs, you, on behalf of the condominium corporation and yourself, will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. You will seek to ensure the full compliance by the condominium corporation with its duties and obligations under the **Condominium Act** and the Declaration and By-Laws of the condominium corporation.

To the extent permitted by law, insurance proceeds may, in whole or in part, at our option be:

- a) Applied to rebuild or repair the damage to your property;
- b) Paid to you;
- c) Paid to any other person who owns or did own the property, as established by the registered title; or
- d) Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

F. You must pay certain other expenses — In addition to our other rights and remedies contained in the mortgage, you will pay us immediately all our expenses in relation to:

— Any by-law, resolution, rule or other matter (other than one for which only a vote of the majority present at the meeting is required);

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- The enforcement of our right to have the corporation or any owner comply with the Act, declaration, by-laws and rules; and
- Our exercising any voting rights we may have.

Where our expenses relate to other units as well as to your property, the amount you are required to pay will only be the expenses related to your property as we determine.

G. Voting and other rights — You authorize us to exercise your rights under the Act to vote, consent and dissent. You also authorize us to exercise your rights to:

- Demand the corporation purchase your unit and common interest, where provided under the Act;
- Elect to have the value of your unit and common interest or that of the condominium property determined by arbitration;
- Receive your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements.

If we do not exercise your rights, you may do so according to any instructions we may give you. Before making such a demand or election you must obtain our prior written approval. You must do this even if we do not have the right to make the demand or election as between ourselves and the corporation, and even if we had previously arranged for you to exercise that right.

Nothing done under this paragraph 22 puts us in possession of your property. We are not liable for any action we may take in doing what you have authorized us to do or for any failure to act. We may at any time revoke any arrangement we make for you to do anything you have authorized us to do.

H. Our additional rights under the mortgage — You authorize us to do the following:

i) Inspect your property at any reasonable time.
ii) Do any needed maintenance or repairs after damage.
iii) Inspect the corporation's records
iv) Remedy any failure of yours to comply with the Act or the declaration, by-laws and rules of the corporation.

I. Repayment of the loan amount may be accelerated — The loan amount will become payable immediately, at our option, if:

i) The corporation fails to comply with the Act and the declaration, by laws and rules of the corporation;
ii) The corporation fails to:
    - insure all the condominium units and common elements according to law and according to any additional requirements of ours;
    - insure its assets if we so require and according to our requirements;
    - provide us with proof that the insurance is in force, if we ask for it; or
    - do all that is necessary to collect insurance proceeds;
iii) The corporation does not, in our opinion, manage the condominium property and assets in a careful way;
iv) The corporation fails to keep the corporation's assets in good repair and working order;
v) The corporation makes any substantial modification to the common elements or the corporation's assets without our approval;
vi) There has been substantial damage and the owners have voted for termination of the condominium;
vii) A sale of the condominium property or any part of the common elements is authorized.
viii) A court makes an order that the government of the condominium property by the Act be terminated; or
ix) The condominium property ceases to be governed by the Act.

Our rights will not be affected by the fact that we voted for or consented to such termination, sale or order or to the condominium property not being governed by the Act.

J. Termination of the corporation — If your property ceases to be governed by the Act:

- All the terms of the mortgage continue to apply;
- You authorize us to agree with anyone to a partition of the condominium property. We can pay or receive money to ensure that the partition is equal and you will reimburse us, immediately, for any money we have paid. We can also execute all documents and do all acts needed to carry out the partition;
- Your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements shall be paid to us (unless we notify you to the contrary in writing) and you will do all things necessary to accomplish this; and
- Any money received by us (after payment of all our expenses) may be applied to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you.

23. DISCHARGE

When our interest in your property comes to an end, we will either prepare, execute and register a full discharge of our claim and provide you with confirmation of discharge, or, at our sole option, we will prepare and provide you with an executed but unregistered Discharge of Charge/Mortgage. You will give us a reasonable time in which to prepare, review, execute and register the discharge documents and you will pay our usual administrative fees for preparing, reviewing and executing the discharge document and, where we elect to register the discharge of our claim, our usual administrative fees for registering the discharge document. You will also pay all legal and other expenses that we incur in connection with the discharge of our claim. In the event that we provide you with an unregistered Discharge of Charge/Mortgage, you will be responsible for registering the documentation and for all costs relating to such registration.

When our interest in your property comes to an end and you request that we assign your mortgage, we will prepare and execute an assignment of the mortgage for you. You will give us a reasonable time in which to prepare, review and execute the assignment and you will pay our usual administrative fees for preparing, reviewing, and executing the documentation and all legal and other expenses we incur in so doing. You will be responsible for registering the assignment documentation and for all costs relating to such registration.

24. HEADINGS

Headings form no part of the mortgage. They are used so that parts of the mortgage can easily be referred to.

25. WHO IS BOUND BY THE MORTGAGE

You agree to observe and be bound by all of the terms and obligations contained in the mortgage. The mortgage will also be binding on your heirs, personal and legal representatives, successors or assigns, our successors, assigns or legal representatives and anyone else to whom your property is transferred. As well, the mortgage will be binding on anyone to whom it is transferred by us. All persons who sign the mortgage as chargors are collectively and individually (that is, jointly and severally) bound to comply with all obligations under the mortgage.

26. STATUTORY COVENANTS EXCLUDED

The covenants set out in Section 7(1) of the Land Registration Reform Act, 1984, as amended or re-enacted, are excluded from the mortgage.

27. GUARANTEE

In this paragraph 27, **guarantor** means each person who signs the mortgage as guarantor. **Chargor** means the person or persons who sign the mortgage as chargor and **property** means the property charged by the mortgage.

In return for us making a loan to the chargor, the guarantor, by signing the mortgage, guarantees the chargor's payments (including interest, whether or not the interest rate is changed), and compliance with the chargor's other obligations, under the mortgage. Each guarantor agrees that, if the chargor defaults in making any payment or in performing any other obligation under the mortgage, the guarantor will pay us all of the unpaid payments and comply with all of the obligations which have not been complied with by the chargor. Each guarantor will be collectively and individually (that is, jointly and severally) responsible with the chargor and with one another (if more than one) for all obligations under the mortgage.

It is understood that we can without lessening the guarantor's liability and without obtaining the consent of or giving notice to the guarantor:

- Grant any extensions of time for payment and extensions of the term of the mortgage, including any renewals of the mortgage or its term for further periods of time;
- Increase the rate of interest payable under the mortgage, either during the initial term or in any subsequent renewal period;
- Release the whole or any part of the property from the mortgage or any other security;
- Otherwise deal with the chargor, any other person (including any guarantor), any security (including the mortgage) or the property, including releasing, realizing on or replacing any security we may hold;
- Waive any provision of the mortgage or change any of the terms of the mortgage at any time during the initial term of the mortgage or in any subsequent renewal period;

either before or after requiring payment from any person without affecting the guarantee. We may require payment from any guarantor without first trying to collect from the chargor or any other person (including any guarantor) or on any security (including the mortgage). Each guarantor's obligations shall be binding upon the guarantor's successors or personal representatives.

Dated this 10th day of January, 2006

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200603 Cote

Craig Liddle
Assistant General Manager
Scotia Mortgage Corporation
I have the authority to bind the corporation.

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Filing No. 200604 Cote
Filing Date January 12th/06 Date de Dépôt
Page 1 of/de 10 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Variable Rate and Payment Charge/Mortgage
(Land Titles Act and Registry Act)

Registration Reform Act

Filed by Scotia Mortgage Corporation **SET OF STANDARD CHARGE TERMS NO.**

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the Act.

1. DEFINITIONS

In this set of standard charge terms, mortgage means, for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land, or, for the electronic registration system, the charge prepared in electronic format and registered electronically pursuant to the provisions of the *Land Registration Reform Act* (as amended or replaced), as well as any attached schedules and this set of standard charge terms. **You** and **your** mean each person who signs the mortgage as chargor. **We, our** and **us** mean Scotia Mortgage Corporation, the chargee. **Your property** means the land described under Description or under Properties in the mortgage, all buildings now or later on it and anything now or later attached or fixed to the buildings or the land, including additions, alterations and improvements. **Principal amount** means the amount specified as the Principal Amount or as the Principal in the mortgage. **Loan amount** means the outstanding balance of all amounts (including interest) owing to us from time to time under the mortgage, as amended from time to time. Any reference to signing any document includes an electronic signature.

Any reference to signing the mortgage means signing Form 2 Charge/Mortgage of Land or a schedule to it, or signing an Acknowledgement and Direction or any schedule to it for electronic registration. References to paragraphs refer to paragraphs of this set of standard charge terms.

If this mortgage is a CMHC-insured mortgage, it is made pursuant to the **National Housing Act.**

2. WHAT THE MORTGAGE DOES

In return for our making a loan to you in the principal amount (which, by signing the mortgage, you acknowledge having received from us), you:

i) If you are the owner of your property, charge your property to us and our successors and assigns (called our **legal representatives**);

or

ii) If you are a tenant of your property under a lease, charge your interest in your property (including any option to purchase) to us and our legal representatives, for the entire term of the lease;

as security for repayment of the loan amount and the performance of all of your other obligations under the mortgage. This means you charge your entire interest in your property to us and to anyone to whom the mortgage is transferred in any way.

Termination of the Mortgage:

Our interest in the property terminates when you have:

- Repaid the loan amount (including interest) as provided in the mortgage; and
- Complied with all of your other obligations under the mortgage.

3. INTEREST

A. Interest Rate

The interest rate payable by you on the loan amount is a variable rate, expressed as a rate per annum, equal to our Variable Rate Mortgage (VRM) Base Rate plus/minus the number of percentage points per annum specified as the Interest Rate in the Mortgage. Our VRM Base Rate will vary from time to time as Scotiabank's Prime Rate varies.

Interest is calculated half-yearly not in advance. Interest at this variable rate is payable on the loan amount both before and after the final payment date, default and judgment. The interest rate will vary automatically on the day Scotiabank's Prime Rate varies. Wherever this mortgage refers to the interest rate payable on the loan amount, that expression means the VRM Base Rate plus or minus the number of percentage points per annum specified on the schedule and payable as set out above.

How Your Can Determine the Interest Rate

After each VRM Base Rate change we will mail a notice to you showing your new rate and the date it became effective, and your new payment amount. The notice will be sent to your last known address shown in our records, within 30 days of the interest rate change. However, our failure to mail you a notice or the fact that you do not receive it will not prevent the rate from varying or the payment amount from varying. The VRM Base Rate in effect at any time is available at any Scotiabank branch or at www.scotiabank.com.

B. Compound Interest

If on any monthly loan payment date you do not make the payment due on that day, we will charge you interest on any overdue portion of the loan amount (including interest) until paid to us. This is called **compound interest.** Compound interest shall be paid on your monthly loan payment dates. We will also charge interest, at the rate payable on the loan amount, on compound interest that is overdue until paid to us, both before and after the final payment date as well as both before and after default and judgment.

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C. Progress Draw Construction Mortgage

If this is a Progress Draw Construction Mortgage, the annual interest rate of your mortgage, during the Construction Period, will be a floating interest rate equal to Scotiabank's Prime Rate plus 1%. Interest will be payable monthly, and calculated half-yearly, not in advance. Your interest rate will vary automatically, without notice to you, on the day Scotiabank's Prime Rate changes. Scotiabank's Prime Rate in effect at any time is available at any Scotiabank branch in Canada.

The Construction Period is defined as the 9 month period following the date of your 1st mortgage advance or the period from the date of your 1st advance to the date your mortgage is at least 75% advanced, whichever is shorter.

4. HOW YOU WILL REPAY YOUR LOAN

A. Currency and Place of Payment

You shall pay the loan amount to us in Canadian dollars. Your regular monthly loan payments and all other payments will be made at the Branch address set out as the Chargee(s) Address for Service in the mortgage, or at any other place we may designate, and are payable as follows:

B. Interest Payable Prior to your First Regular Payment Due Date

Before your term start date you will pay us interest, at the rate payable on the loan amount, calculated semi-annually, not in advance, on all money we have advanced to you.

If more than 1 month will elapse from the advance date to your 1st regular payment due date, you will owe interest for the period, separately. At our option, such interest will be due and payable one month prior to the 1st regular payment due date or on the 1st regular payment due date or it may be deducted from subsequent advances. We may also require you to pay this interest monthly, before we set a first regular payment due date.

C. Payments after the Interest Adjustment Date

The principal amount, together with interest calculated from the interest adjustment date, shall become due and be paid by you in regular **monthly loan payments.**

You will make regular monthly loan payments to us. Your monthly payment based on the interest rate indicated as the Interest Rate in the mortgage will be the amount reflected as the Amount of Each Payment or as Payments in the mortgage. Your payment amount will vary automatically with each change to the VRM Base Rate. Each payment adjustment will take into account the remaining amortization period and new interest rate on the date of the change. After each VRM Base Rate change, we will mail you a notice as outlined above in clause 3A. If there is no change to the VRM Base rate, your payment amount will not change and we will not send you a notice. Each monthly loan payment consists of a portion of the principal amount together with the interest due and payable on the monthly loan payment date.

Your monthly loan payments will begin on the date specified as the First Payment Date in the Mortgage, and continue monthly thereafter until the date specified as the Last Payment Date in the Mortgage. Each of the above dates are called a monthly loan payment date.

You will pay the balance of the principal amount, together with all interest due and payable on it, on the date specified as the Last Payment Date in the Mortgage.

D. Application of Monthly Loan Payments

Each monthly loan payment will be used: **first**, to pay interest due and payable and **next**, to reduce the principal amount.

E. Early Payment on Sale or Mortgage

If you sell, transfer, mortgage or charge your property, we may, at our option, require you to pay all the money that you owe us under this mortgage immediately, unless we have given our prior written consent to the sale, transfer, mortgage or charge. If we consent to the sale, transfer, mortgage or charge and do not require you to immediately pay all the money that you owe us under this mortgage, your obligations to us under this mortgage and our rights against you or anyone else who is liable for the payment of money owing under this mortgage, are not affected.

F. Progress Draw Construction Mortgage

If this is a Progress Draw Construction Mortgage, you will pay interest only payments, monthly, during the construction period, starting one month from the date of your 1st advance. Your interest only payment amount will vary automatically with our prime rate (as outlined in paragraph 3 C above) and will be calculated based on the principal amount advanced so far. Your last interest only payment amount will be due on the earlier of; the last payment date specified as the Last Payment Date in the mortgage, 9 months from the date of your 1st advance, or, on the date your mortgage is at least 75% advanced. At that time, the total loan amount plus all interest owing will become due and payable, unless converted as set out below.

If your progress draw construction loan is not 75% advanced on or before the nine-month construction period, we may, at our discretion:

1. convert your mortgage as described below
2. continue to collect interest-only payments for a set period of time
3. require the outstanding loan amount and all interest owing to be paid in full

Convertible Feature

When your mortgage loan is at least 75% advanced (providing this occurs on or before the end of the 9 months from the date of the first advance), we will automatically reset your term start date and convert your mortgage to your chosen term, rate type, and repayment schedule, based on the full principal amount, as detailed in the Personal Credit Agreement or amendment to that agreement. We will provide you with a confirmation notice, which will set out, among other things, your mortgage interest rate, principal & interest payment amount, term start date and maturity date.

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5A. PREPAYMENT CHARGES – PAYING OFF YOUR MORTGAGE BEFORE THE MATURITY DATE.

You may prepay some, or the entire mortgage early, based on the following terms. If we later agree to change or extend the terms of the loan, these prepayment conditions do not apply to the new renewal or extended term.

Prepayments

Providing all your mortgage payments are up to date, you may increase your payments, or pay off some of your mortgage early in one of the three ways listed in the following chart. These options apply to partial prepayments only. The options are available each year and cannot be saved to use in a later year. Each year is defined as the 12-month period starting on the Term Start Date (also referred to as the Interest Adjustment Date) or the anniversary of that date. If your mortgage term is less than 12 months, these options are available in each term.

PREPAYMENT OPTIONS		
How	When	What it means
1 *by paying an extra regular mortgage payment (principal, interest and taxes)	on any regular payment date during the year	your principal mortgage balance will be reduced by that amount
2. *by paying up to 15% of the original principal amount of your mortgage	at any time (excluding day prepaid in full), sum total not to exceed the yearly maximum	
3. by increasing your regular mortgage payment by up to 15% of the principal and interest payment set for the term of the mortgage	once each year of the term of your mortgage	

*Only items 1 & 2 qualify for the Miss a Payment option

Prepayment Charge

When you prepay some, or the entire principal of your mortgage, you will incur prepayment charges unless the partial prepayment is in accordance with the *prepayment options* chart above. The cost to pay off some, or the entire principal amount of your mortgage early, is 3 months interest costs on the amount you want to prepay. The interest rate used to calculate the 3 months interest is the interest rate being charged on the mortgage at the time of the prepayment.

Portable Mortgage

You may transfer your existing mortgage balance to a new home. You must apply for a new mortgage and meet all our normal qualifications as if you were applying for any other new mortgage. In this case we will not charge you a prepayment charge.

Early Renewal

You may early renew this mortgage into a fixed rate, closed prepayment type mortgage with us, with a term that is greater than the remaining term on this mortgage without a prepayment charge.

Miss a Payment® Option

You may miss any scheduled payment, as long as you have prepaid an amount equal to the amount of the payments you intend to miss in this term and your mortgage is not in default. You cannot, however, miss your Mortgage Protection premium, if applicable. Extra payments or prepayments may not be used to miss a payment if this mortgage is assumed by a subsequent purchaser.

Continuing Liability

Unless you prepay the balance of the principal amount owing, you must continue to make your regular mortgage payments.

If this is a Progress Draw Construction Mortgage

If this is a Progress Draw Construction Mortgage, section 5A does not apply to your mortgage during the Construction Period.

B Cashback

If you receive a cashback with your mortgage, the cashback amount will be repayable if your mortgage loan does not remain outstanding with us for the full term. If your mortgage is partially prepaid, paid off in full, transferred, assumed, or renewed prior to expiry of the term, the cashback amount will appear as payable in any assumption, discharge or early renewal statement and will be calculated on an even, prorated basis using the following formula;

$$\text{Cashback Repayment} = \frac{\text{Remaining Term in months (rounded up)}}{\text{Original Term in months}} \times \text{Cashback Amount Received}$$

6. YOUR TITLE TO YOUR PROPERTY

A. As Owner of Your Property, you certify that:

- i) You are the lawful owner of your property;
- ii) You have the right to give us the mortgage;
- iii) There are no encumbrances on the title to your property; and
- iv) There are no limitations or restrictions on your title to your property except building by-laws, zoning regulations and registered restrictions.

This paragraph A applies unless you have advised us in writing that you are a tenant of your property under a lease, in which case paragraph B applies.

B. It you Are a Tenant of Your Property

- i) You certify that:
  - a) The property is leased to you and your legal or personal representatives under a lease, a copy ofwhich you have provided to us;
  - b) The lease is a binding and existing lease and all information you have provided to us concerning it is true;
  - c) All rents payable under the lease have been paid to the date you sign the mortgage;
  - d) You have permission or the right to assign and mortgage or charge the lease; and
  - e) Except as expressed in the lease, there are no limitations, restrictions or encumbrances on your interest under the lease other than building by-laws, zoning regulations and registered restrictions.
- ii) You promise:
  - a) To pay the rent as it falls due;
  - b) To comply with all of the other terms of the lease and not to do anything that would cause the lease to be terminated;
  - c) Not to surrender the lease;
  - d) Not to make any change in the lease without first obtaining our written consent;
  - e) To give us a true copy of any notice or request you receive concerning the lease; and
  - f) To notify us immediately if your landlord advises you of early termination or takes any steps to effect early termination of the lease.

C. You will not do anything that will interfere with our interest in your property.

D. In order to ensure that your entire interest in your property is charged to us you will sign any other documents or do anything further that we think is necessary.

7. USE OF YOUR PROPERTY

You will not make any additions, alterations or improvements to your property or use your property for any business purposes without our prior written consent. You may not use your property for any illegal purposes.

8. WE ARE UNDER NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance the entire principal amount or any part of it to you then we do not have to do so, even though the mortgage is prepared, signed or registered, and whether or not any part of the principal amount has already been advanced. However, by signing the mortgage you charge all of your interest in your property to us. You will reimburse us, on demand, for all our expenses of investigating the title to your property and preparing and registering the mortgage.

9. TAXES

A. You will make **monthly tax payments** to us on account of property taxes on each monthly loan payment. The amount of each monthly tax payment will be 1/12th of our estimate of a year's taxes on your property next becoming due and payable and may change from time to time to reflect changes in the annual taxes on your property. The monthly tax payments should enable us to pay all property taxes on or before their annual due date. Or, if your property taxes are payable in instalments, the monthly payments should enable us to pay the full year's instalments of property taxes on or before the date on which the first instalment is due.

B. If, however, the annual due date or the first instalment date for the payment of your property taxes is less than one year from the interest adjustment date, you will pay us equal monthly tax payments during that period and during the next 12 months. These equal monthly tax payments will be based on our estimate of the total taxes payable for both periods so that we will receive enough money from you to pay all taxes for both of those periods.

C. You will also pay us, on demand, any amount by which the actual taxes on your property exceed our estimate of your taxes. Or, at our option, we may increase the monthly payment to cover this amount.

D. We will pay your taxes from the monthly payment we receive from you as long as you are not in default under the mortgage. We are not obliged to make tax payments on the dates they are due or more often than once a year. If you have not paid us enough for taxes, we may still pay the taxes. This will create a debit balance in your tax account. Any debit balance is immediately payable by you. We are under no obligation to advise you that a debit balance has been created.

E. We will pay you interest on any credit balance in your tax account. The interest we pay will not be less than that paid by The Bank of Nova Scotia on savings-chequing accounts with the same credit balance. We will charge you interest on the debit balance in your tax account at the interest rate payable on the loan amount until the debit balance is paid to us in full.

F. If you fail to pay us any amount when it is due, we may apply the money in your tax account towards payment of such amount.

G. We can deduct from the total final advance of the principal amount enough money to pay all taxes due on or before the interest adjustment date and which have not been paid on the date the final advance is made.

H. You will immediately send us all assessment notices, tax bills or tax notices which you receive.

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10. PAYMENTS WE CAN MAKE

We can pay off any liens, claims or encumbrances against your property which we consider to have priority over the mortgage. We can also pay all our expenses of collecting any payments not received from you when due. These expenses will include all our legal expenses on a solicitor and own client basis. You must immediately reimburse us for any amount so paid.

If we pay off any liens, claims or encumbrances against your property, we will be entitled to all the rights, equities and securities of the person, company, corporation or Government so paid off.

11. TRANSFER OF LEASES AND RENTS

A. If you have leased or, at a later date, lease all or part of your property to another person or persons, then, upon our written request, you will transfer and assign to us:

- i) All leases, lease agreements and their renewals;
- ii) All rents and other money payable under the terms of all leases and agreements. However, we may allow you to receive the rents so long as there is no default by you in making your payments to us or in complying with your other obligations to us under the mortgage; and
- iii) All rights under the leases and agreements as they affect your property.

B. In addition, you confirm that:

- i) You must obtain our prior written consent for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease);
- ii) Nothing we do under this paragraph 11 shall put us in possession of your property;
- iii) However, if you default under the mortgage, we have the right to take possession of your property; and
- iv) We are not obliged to collect any rent or other income from your property nor to comply with any term of any lease or agreement.

12. INSURANCE

You will without delay insure, and keep insured, in our favour and until the mortgage is discharged, all buildings covered by the mortgage (including those which will be built in the future both during construction and afterwards) against loss or damage by fire and other perils usually covered in fire insurance policies and against any other perils we request. Such insurance must be provided by a company approved by us for the replacement cost of the buildings (the maximum amount for which the buildings can be insured) in Canadian dollars. Your policy must be in form satisfactory to us and must include extended perils coverage and a mortgage clause stating that loss is payable to us. You shall, at our request, transfer to us all insurance policies and receipts you have on the buildings and any proceeds from that insurance.

If you do not:

- — Maintain insurance on the buildings that, in our opinion, complies with this paragraph;
- — Deliver a copy of any insurance policy or receipt to us at our request; or
- — Provide us with evidence, at our request, of any renewal or replacement of the insurance, at least fifteen full days before your insurance expires or is terminated,

we can, but are not obliged to, insure any of the buildings. What we pay for this insurance shall be added to the amount you owe under this mortgage and shall bear interest at the mortgage interest rate. You will pay this amount with your next monthly payment. If any loss or damage occurs, you will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. The production of this mortgage will be sufficient authority for an insurance company to pay us any loss related to the insurance policy or to accept instructions from us dealing with the loss.

Insurance proceeds may, in whole or in part, at our option, be:

- a Applied to rebuild or repair the damaged buildings;
- b Paid to you;
- c Paid to any other person who owns or did own the property, as established by the registered title; or
- d Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

This paragraph 12 does not apply (and paragraph 22E does apply) if your property is a condominium unit.

13. KEEPING YOUR PROPERTY IN GOOD CONDITION

You shall keep your property in good condition and make any repairs needed. You shall not do anything, or let anyone else do anything, that lowers the value of your property. We can inspect your property at any reasonable time. If, in our opinion, you:

- — Do not keep your property in good condition; or
- — Do or allow anything to be done that lowers the value of your property;

we can make any repairs we think are advisable. The costs of any inspections and any repairs we make are immediately payable by you.

14. ENVIRONMENTAL PROVISIONS

We (including, in this section, the Canada Mortgage and Housing Corporation if this is a CMHC-insured mortgage) may inspect your property and the buildings on it when we consider it appropriate. We may do this for any purpose but particularly to conduct environmental testing, site assessments, investigations or studies which we consider necessary. The costs of any testing, assessment or study will be payable by you and you will pay us the costs immediately after we give you notice of them. If you do not pay us when we request it, we can add the amounts to the outstanding balance under your mortgage and they will bear interest at your mortgage interest rate. If we do the things permitted under this section, we will not be considered to be in control of your property.

15. REPAYMENT OF LOAN AMOUNT ACCELERATED

The loan amount will become payable immediately, at our option, if:

a) You default in making any regular monthly loan payment, or any other payment you are obliged to make to us under the mortgage.

b) You fail to comply with any of your other obligations under the mortgage.

c) Any lien is registered against your property or we receive written notice of any lien that is created as a result of unpaid property taxes, unpaid condominium maintenance fees, judgements or construction liens or other similar encumbrances.

d) Your property is abandoned.

e) Any buildings being erected or additions, alterations or improvements done on your property remain unfinished without work being done on them for 30 consecutive days.

f) You, or any party using your property with your permission, uses your property for illegal purposes.

16. APPOINTING A RECEIVER TO RECEIVE INCOME

If you default in making any regular monthly loan payment or any other payment which you have agreed to make to us, or in complying with any of your obligations under the mortgage, we can, in writing, appoint a receiver (which includes a receiver and manager) to collect any income from your property. We can also, in writing, appoint a new receiver in place of any receiver appointed by us. The receiver is considered to be your agent and not ours and his defaults are considered to be solely your defaults.

The receiver has the right to:

- Use any available remedy (taken in your name or our name) to collect the income from your property;
- Take possession of your property or part of it; and
- Manage your property and maintain it in good condition.

From the income collected the receiver may:

a) Retain a commission of 5% of the total money received or any higher rate permitted by a judge or other authorized officer.

b) Retain enough money to pay disbursements spent on collecting the income.

c) Pay all taxes, fire insurance premiums, expenses of keeping your property in good condition, interest on those payments and all other charges that have priority over the mortgage and interest on those charges.

d) Pay us all interest that is due and payable under the mortgage and then pay us all or part of any other amount payable under the mortgage, whether it is due or not.

Nothing done by the receiver puts us in possession of your property or makes us accountable for any money except for money actually received by us.

17. ENFORCING OUR RIGHTS

A. Default in Payment

If you default in making any regular monthly loan payment or any other payment that you are obliged to make to us under the mortgage, we may enforce any one or more of the following remedies in any order:

i) Sue you — We may take such action as is necessary to obtain payment of the loan amount.

ii) Foreclose or sell your property — We may commence court proceedings to foreclose your right, title and equity of redemption to all or part of your property. If we obtain a final order of foreclosure, your property will by law become our property.

We may also ask the court to order the sale of your property. If the court makes such an order, it will supervise the sale proceedings. The net proceeds of the sale will be applied to reduce the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

iii) Power of sale — If you default in making any payment for 15 days, we can on 35 days' notice to you enter on your property and:

a) Take possession of it;

b) Sell all or part of your property (for cash or on credit, or partly for cash and partly on credit) by private sale or public auction for the price and on those terms that can be obtained;

c) Lease it on such terms and for whatever period we may decide upon; or

d) Take any other remedy available to us under Ontario law.

Notice shall be given to you and to such other persons in the manner and as required by law at the time it is given. Where there are no such requirements, notice may be given to you, at our option, by one or more of the following means:

- Personal service at your last known address;
- Registered mail at your last known address;
- Publication in a newspaper published in the county or district where your property is located;
- Leaving it with an adult on your property; or

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— Posting it on your property.

If default continues for three months, we may enter on, sell or lease your property without any notice unless notice is required by law.

We may apply the net proceeds of the sale or lease to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale or lease of your property is less than the loan amount, you must pay us the difference.

B. Default in your obligations including default in payment — If you default in any obligation under the mortgage (including any default referred to in paragraph A), we can enforce our above rights and we can enter on your property at any time, without the permission of any person, and make all arrangements that we consider advisable to:

- Inspect, lease, collect rents or manage your property;
- Repair or put in order any building on your property; or
- Complete the construction of any building on your property.

We can also take whatever action is necessary to take possession, recover and keep possession of your property.

C. Sale of goods (commercial mortgage only) —

If this is a commercial mortgage and you fail to make any payment to us when it is due, we can distrain against your goods. This means we can take any goods on your property and sell them as permitted by Ontario law. We may apply the net proceeds from the sale to reduce any part of the loan amount. Taking this action does not put us in possession of your property nor make us accountable for any money except the money we actually receive.

D. You will not interfere — You will not interfere with our possession of your property (if we go into possession of your property in enforcing our above rights) nor with the possession of anyone to whom your property is sold or leased by us or any receiver. You agree not to make any claim concerning the sale or lease of your property against anyone who buys or leases it from us or any receiver, or anyone who buys or leases it after that time.

E. Our expenses — You will immediately pay all our expenses of enforcing our rights. Our expenses include our costs of taking or keeping possession or your property, an allowance for the time and services of Scotia Mortgage Corporation's and/or The Bank of Nova Scotia's employees utilized in so doing, our legal fees on a solicitor and own client basis and all other costs related to protecting our interest under the mortgage.

F Judgements — If we obtain a court judgement against you for your failure to comply with any of your obligations to us under the mortgage, the judgement will not result in a merger of the terms of the judgement with our other remedies or rights to enforce your other obligations under the mortgage. We will continue to be entitled to receive interest on the loan amount at the rate payable on the loan amount and at the same times as provided for in the mortgage. The rate of interest payable on any judgment shall be calculated and payable in the same way as interest is calculated under the mortgage and at the same rate that interest is payable on the loan amount until the judgment has been paid in full.

18. DELAY IN ENFORCEMENT OF OUR RIGHTS

No delay or extension of time granted by us to you or any other person in exercising the enforcement of any of our rights under the mortgage nor any agreement referred to in paragraph 21 shall affect our rights to:

a) Receive all payments you are obliged to make to us, when they are due and payable.
b) Demand that you repay the loan amount and all interest which is due and payable, on any default by you.
c) Have you comply with all of your obligations to us under the mortgage.
d) Have any other person comply with the obligations that person has to us under the mortgage.

19. BUILDING MORTGAGE TERMS

An improvement means any alteration, addition or repair to any building on your property or any construction, erection or installation on your property. If the purpose of the mortgage is to finance an improvement, you must so inform us in writing immediately and before any advances are made under the mortgage. You must also provide us immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. You agree that any improvement shall be made only according to contracts, plans and specifications approved in writing by us in advance. You must complete all such buildings or improvements as quickly as possible and provide us with proof of payment of all contracts from time to time as we require. We will make advances (part payments of the principal amount) to you based on the progress of the improvement, until either completion and occupation or sale of your property. We will determine whether or not any advances will be made and when they will be made. Whatever the purpose of the mortgage may be, we may in our sole and absolute discretion hold back funds from advances until we are satisfied that you have complied with the holdback provisions of the Construction Lien Act as amended or re-enacted. You authorize us to provide information about the mortgage to any person claiming a construction lien on your property.

20. RELEASING YOUR PROPERTY FROM THE MORTGAGE

We may establish the terms for releasing our interest in all or part of your property (that is, we may discharge, or partially discharge, your property) from the mortgage whether we receive value for our release or not. If we release part of your property from the mortgage at any time, the rest of your property will continue to secure the loan amount. We are only accountable for money actually received by us.

If your property is subdivided before our interest in your property comes to an end, the mortgage will be secured by each part into which your property is subdivided. This means that each part will secure repayment of the total amount you owe us, even if we release another part of your property from the mortgage.

In any part of the property, of any land adjoining the property, is taken by the exercise of any power of expropriation or similar power, the entire compensation which you may be entitled to receive shall, at our option, be applied to reduce the balance or the mortgage including any penalty, fee or interest to which we have a right under this mortgage or in the relevant legislation.

We can release you, any guarantor, or any other person from performing any obligation contained in the mortgage or any other security document, without releasing any part of your property secured by the mortgage or any other security, and any such release shall not release any other person from the obligations in the mortgage.

21. RENEWING OR OTHERWISE AMENDING THE MORTGAGE

We may from time to time enter into one or more written agreements with you (or with any one to whom your property is transferred) to amend the mortgage by extending the time for payment, renewing it or its term for further periods of time, changing the interest rate payable under the mortgage or otherwise altering the provisions of the mortgage. Whether or not there are any encumbrances on your property in addition to the mortgage at the time the agreement is entered into, it will not be necessary to register the agreement on title in order to retain priority for the mortgage, as amended, over any instrument registered after the mortgage. Any reference in this set of standard charge terms to the mortgage means the mortgage as amended by any such agreement or agreements.

22. CONDOMINIUM PROVISIONS

If your property is a condominium unit, you are also to comply with the provisions in this paragraph 22 in addition to all of the other provisions of the mortgage (except paragraph 12).

In this paragraph 22, the Condominium Act, as amended or re-enacted, is called the **Act**. Expressions used below which are the same as those in the Act have the same meaning as those in the Act, except that the expression **condominium property** has the same meaning as the word "property" in the Act.

A. You will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the **corporation**) relating to your property and provide us with proof of your compliance from time to time as we may request.

B. You will pay the common expenses for your property to the corporation on the due dates. Or, if we exercise our right to collect your contribution towards the common expenses from you, you will pay the same to us upon being so notified. We can accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due.

C. You will forward to us any notices, assessments, by-laws, rules and financial statements of the corporation you receive (or are entitled to receive) from the corporation.

D. You will maintain all improvements made to your unit and repair them after damage.

E. Insurance — In addition to the insurance which the corporation must obtain, you must:

i) Insure all improvements which you or previous owners have made to your unit;

ii) Obtain insurance for those additional risks that we require;

iii) Insure your common or other interest in buildings (whether presently existing or built in the future, both during construction and afterwards) which are part of the condominium property or assets of the corporation if the corporation fails to insure the buildings or assets as required or if we require you to do so;

iv) Assign your insurance policies to us and (as far as permitted by law) your interest in the policies held by the corporation.

v) Provide us with proof that the required insurance is in force, as well as evidence of any renewal or replacement of the insurance, within fifteen days before the insurance expires or is terminated.

vi) Do all that is necessary to collect insurance proceeds.

Each of your insurance policies (and those of the corporation) must comply with the following:

— Your property must be covered against destruction or damage by fire and other perils usually covered in fire insurance policies and against any other perils we require for its full replacement cost (the maximum amount for which it can be insured) in Canadian dollars;

— The insurance company and the terms of the policy must be satisfactory to us.

If you fail to insure your property as required in this paragraph 22, we can, but are not obliged to, obtain any insurance which you are required to obtain. What we pay for this insurance will immediately become payable by you to us. If any loss or damage occurs, you, on behalf of the condominium corporation and yourself, will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. You will seek to ensure the full compliance by the condominium corporation with its duties and obligations under the **Condominium Act** and the Declaration and By-Laws of the condominium corporation.

To the extent permitted by law, insurance proceeds may, in whole or in part, at our option be:

a) Applied to rebuild or repair the damage to your property;

b) Paid to you;

c) Paid to any other person who owns or did own the property, as established by the registered title; or

d) Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

F. You must pay certain other expenses — In addition to our other rights and remedies contained in the mortgage, you will pay us immediately all our expenses in relation to:

— Any by-law, resolution, rule or other matter (other than one for which only a vote of the majority present at the meeting is required);

— The enforcement of our right to have the corporation or any owner comply with the Act, declaration, by-laws and rules; and

- Our exercising any voting rights we may have.

Where our expenses relate to other units as well as to your property, the amount you are required to pay will only be the expenses related to your property as we determine.

G. Voting and other rights — You authorize us to exercise your rights under the Act to vote, consent and dissent. You also authorize us to exercise your rights to:

- Demand the corporation purchase your unit and common interest, where provided under the Act;
- Elect to have the value of your unit and common interest or that of the condominium property determined by arbitration;
- Receive your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements.

If we do not exercise your rights, you may do so according to any instructions we may give you. Before making such a demand or election you must obtain our prior written approval. You must do this even if we do not have the right to make the demand or election as between ourselves and the corporation, and even if we had previously arranged for you to exercise that right.

Nothing done under this paragraph 22 puts us in possession of your property. We are not liable for any action we may take in doing what you have authorized us to do or for any failure to act. We may at any time revoke any arrangement we make for you to do anything you have authorized us to do.

H. Our additional rights under the mortgage — You authorize us to do the following:

i) Inspect your property at any reasonable time.
ii) Do any needed maintenance or repairs after damage.
iii) Inspect the corporation's records
iv) Remedy any failure of yours to comply with the Act or the declaration, by-laws and rules of the corporation.

I. Repayment of the loan amount may be accelerated — The loan amount will become payable immediately, at our option, if:

i) The corporation fails to comply with the Act and the declaration, by laws and rules of the corporation;
ii) The corporation fails to:
    - insure all the condominium units and common elements according to law and according to any additional requirements of ours;
    - insure its assets if we so require and according to our requirements;
    - provide us with proof that the insurance is in force, if we ask for it; or
    - do all that is necessary to collect insurance proceeds;
iii) The corporation does not, in our opinion, manage the condominium property and assets in a careful way;
iv) The corporation fails to keep the corporation's assets in good repair and working order;
v) The corporation makes any substantial modification to the common elements or the corporation's assets without our approval;
vi) There has been substantial damage and the owners have voted for termination of the condominium;
vii) A sale of the condominium property or any part of the common elements is authorized.
viii) A court makes an order that the government of the condominium property by the Act be terminated; or
ix) The condominium property ceases to be governed by the Act.

Our rights will not be affected by the fact that we voted for or consented to such termination, sale or order or to the condominium property not being governed by the Act.

J. Termination of the corporation — If your property ceases to be governed by the Act:

- All the terms of the mortgage continue to apply;
- You authorize us to agree with anyone to a partition of the condominium property. We can pay or receive money to ensure that the partition is equal and you will reimburse us, immediately, for any money we have paid. We can also execute all documents and do all acts needed to carry out the partition;
- Your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements shall be paid to us (unless we notify you to the contrary in writing) and you will do all things necessary to accomplish this; and
- Any money received by us (after payment of all our expenses) may be applied to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you.

23. DISCHARGE

When our interest in your property comes to an end, we will either prepare, execute and register a full discharge of our claim and provide you with confirmation of discharge, or, at our sole option, we will prepare and provide you with an executed but unregistered Discharge of Charge/Mortgage. You will give us a reasonable time in which to prepare, review, execute and register the discharge documents and you will pay our usual administrative fees for preparing, reviewing and executing the discharge document and, where we elect to register the discharge of our claim, our usual administrative fees for registering the discharge document. You will also pay all legal and other expenses that we incur in connection with the discharge of our claim. In the event that we provide you with an unregistered Discharge of Charge/Mortgage, you will be responsible for registering the documentation and for all costs relating to such registration.

When our interest in your property comes to an end and you request that we assign your mortgage, we will prepare and execute an assignment of the mortgage for you. You will give us a reasonable time in which to prepare, review and execute the assignment and you will pay our usual administrative fees for preparing, reviewing, and executing the documentation and all legal and other expenses we incur in so doing. You will be responsible for registering the assignment documentation and for all costs relating to such registration.

24. HEADINGS

Headings form no part of the mortgage. They are used so that parts of the mortgage can easily be referred to.

25. WHO IS BOUND BY THE MORTGAGE

You agree to observe and be bound by all of the terms and obligations contained in the mortgage. The mortgage will also be binding on your heirs, personal and legal representatives, successors or assigns, our successors, assigns or legal representatives and anyone else to whom your property is transferred. As well, the mortgage will be binding on anyone to whom it is transferred by us. All persons who sign the mortgage as chargors are collectively and individually (that is, jointly and severally) bound to comply with all obligations under the mortgage.

26. STATUTORY COVENANTS EXCLUDED

The covenants set out in Section 7(1) of the Land Registration Reform Act, 1984, as amended or re-enacted, are excluded from the mortgage.

27. GUARANTEE

In this paragraph 27, **guarantor** means each person who signs the mortgage as guarantor. **Chargor** means the person or persons who sign the mortgage as chargor and **property** means the property charged by the mortgage.

In return for us making a loan to the chargor, the guarantor, by signing the mortgage, guarantees the chargor's payments (including interest, whether or not the interest rate is changed), and compliance with the chargor's other obligations, under the mortgage. Each guarantor agrees that, if the chargor defaults in making any payment or in performing any other obligation under the mortgage, the guarantor will pay us all of the unpaid payments and comply with all of the obligations which have not been complied with by the chargor. Each guarantor will be collectively and individually (that is, jointly and severally) responsible with the chargor and with one another (if more than one) for all obligations under the mortgage.

It is understood that we can without lessening the guarantor's liability and without obtaining the consent of or giving notice to the guarantor:

- Grant any extensions of time for payment and extensions of the term of the mortgage, including any renewals of the mortgage or its term for further periods of time;
- Increase the rate of interest payable under the mortgage, either during the initial term or in any subsequent renewal period;
- Release the whole or any part of the property from the mortgage or any other security;
- Otherwise deal with the chargor, any other person (including any guarantor), any security (including the mortgage) or the property, including releasing, realizing on or replacing any security we may hold;
- Waive any provision of the mortgage or change any of the terms of the mortgage at any time during the initial term of the mortgage or in any subsequent renewal period;

either before or after requiring payment from any person without affecting the guarantee. We may require payment from any guarantor without first trying to collect from the chargor or any other person (including any guarantor) or on any security (including the mortgage). Each guarantor's obligations shall be binding upon the guarantor's successors or personal representatives.

Dated this 10th day of January, 2006

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200604...... Cote

Craig Liddle
Assistant General Manager
Scotia Mortgage Corporation
I have the authority to bind the corporation.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200605 Cote
Filing Date January 1st 06 Date de Dépôt
Page 1 of/de 11 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Variable Rate Charge/Mortgage
(Land Titles Act and Registry Act)

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS NO.

Filed by Scotia Mortgage Corporation
The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the Act.

1. DEFINITIONS

In this set of standard charge terms, mortgage means, for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land, or, for the electronic registration system, the charge prepared in electronic format and registered electronically pursuant to the provisions of the *Land Registration Reform Act* (as amended or replaced), as well as any attached schedules and this set of standard charge terms. **You** and **your** mean each person who signs the mortgage as chargor. **We**, **our** and **us** mean Scotia Mortgage Corporation, the chargee. **Your property** means the land described under Description or under Properties in the mortgage, all buildings now or later on it and anything now or later attached or fixed to the buildings or the land, including additions, alterations and improvements. **Principal amount** means the amount specified as the Principal Amount or as the Principal in the mortgage. **Loan amount** means the outstanding balance of all amounts (including interest) owing to us from time to time under the mortgage, as amended from time to time.

Any reference to signing the mortgage means signing Form 2 Charge/Mortgage of Land or a schedule to it, or signing an Acknowledgement and Direction or any schedule to it for electronic registration. References to paragraphs refer to paragraphs of this set of standard charge terms.

If this is a CMHC insured mortgage, it is made pursuant to the **National Housing Act.**

2. WHAT THE MORTGAGE DOES

In return for our making a loan to you in the principal amount (which, by signing the mortgage, you acknowledge having received from us), you:

i) If you are the owner of your property, charge your property to us and our successors and assigns (called our **legal representatives**);

or

ii) If you are a tenant of your property under a lease, charge your interest in your property (including any option to purchase) to us and our legal representatives, for the entire term of the lease;

as security for repayment of the loan amount and the performance of all of your other obligations under the mortgage. This means you charge your entire interest in your property to us and to anyone to whom the mortgage is transferred in any way.

Termination of the Mortgage:

Our interest in the property terminates when you have:

- Repaid the loan amount as provided in the mortgage; and
- Complied with all of your other obligations under the mortgage.

3. INTEREST

A. Interest Rate

The interest rate payable by you on the loan amount is a variable rate, expressed as a rate per annum, equal to our Variable Rate Mortgage (VRM) Base Rate plus/minus the number of percentage points per annum specified in as the Interest Rate in the mortgage. Our VRM Base Rate varies from time to time, as the Prime Rate of The Bank of Nova Scotia varies.

Interest is calculated monthly not in advance. Interest at this variable rate is payable on the loan amount both before and after the final payment date, default and judgment. The interest rate will vary automatically on the day the Bank of Nova Scotia Prime Rate changes. Wherever this mortgage refers to the interest rate payable on the loan amount, that expression means the VRM Base Rate plus or minus the number of percentage points per annum specified on the schedule and payable as set out above.

The VRM Base Rate and the interest rate payable on the loan amount at the time the first person signs the mortgage as (set out as the Interest Rate in the mortgage will remain in effect after you sign the mortgage until they are varied as provided under this paragraph 3A. Paragraph 27 of this set of terms sets out interest rates calculated half-yearly not in advance which are equivalent to interest rates calculated monthly not in advance.

B. How you Can Ascertain the Interest Rate

After each VRM Base Rate change we will mail a notice showing your new interest rate and the date it became effective. The notice will be sent to your last known address shown in our records. However, our failure to mail a notice or the fact that you do not receive it will not prevent the rate from varying. The VRM Base Rate in effect at any time will be available at any branch of The Bank of Nova Scotia in Canada.

C. Compound Interest

If on any monthly loan payment date you do not make the payment due on that day, we will charge you interest on any overdue portion of the loan amount (including interest) until paid to us. This is called **compound interest**. Compound interest shall be paid on your monthly loan payment dates. We will also charge interest, at the rate payable on the loan amount, on compound interest that is overdue until paid to us, both before and after the final payment date as well as both before and after default and judgment.

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D. Deferred Interest

If the interest that has accrued on the loan amount from one monthly loan payment date (or, in the case of the first payment, from the interest adjustment date) to the next monthly loan payment date exceeds the monthly loan payment, the excess (called **deferred interest**) will bear interest at the interest rate payable on the loan amount. On the next monthly loan payment date the interest on the deferred interest will be added to the deferred interest and become part of it. If the deferred interest is not paid on that monthly loan payment date, it will bear interest at the interest rate payable on the loan amount and that interest will be added to the deferred interest on the next monthly loan payment date, and so on.

E. Progress Draw Construction Mortgage

If this is a Progress Draw Construction Mortgage, the annual interest rate of your mortgage, during the Construction Period, will be a floating interest rate equal to Scotiabank's Prime Rate plus 1%. Interest will be payable monthly, and calculated half-yearly, not in advance. Your interest rate will vary automatically, without notice to you, on the day Scotiabank's Prime Rate changes. Scotiabank's Prime Rate in effect at any time is available at any Scotiabank branch in Canada or at www.scotiabank.com.

The Construction Period is defined as the 9 month period following the date of your 1st advance or the period from the date of your first advance to the date your mortgage is at least 75% advanced, whichever is shorter.

4. HOW YOU WILL REPAY YOUR LOAN

A. Currency and Place of Payment

You shall pay the loan amount to us in Canadian dollars. Your regular monthly loan payments and all other payments will be made at the Branch address set out as the Chargee(s) Address for Service in the mortgage, or at any other place we may designate, and are payable as follows:

B. Interest Payable Prior to your First Regular Payment Due Date

Before your term start date, you will pay us interest, at the rate payable on the loan amount, calculated monthly, on all money we have advanced to you.

If more than 1 month will elapse from the advance date to your 1st regular payment due date, you will owe interest for the period, separately. At our option, such interest will be due and payable one month prior to the 1st regular payment due date or on the 1st regular payment due date or it may be deducted from subsequent advances. We may also require you to pay this interest monthly, before we set a first regular payment due date.

C. Payments after the Interest Adjustment Date

The principal amount, together with interest calculated from the interest adjustment date, shall become due and be paid by you in regular **monthly loan payments**.

You will make your regular monthly loan payments to us in equal instalments in the amount specified as the Amount of Each Payment or as Payments in the mortgage beginning on the date specified as the First Payment Date in the mortgage and continuing monthly thereafter until the date specified as the Last Payment Date in the mortgage. Each date that you are required to make a monthly loan payment is called a **monthly loan payment date**.

You will pay the balance of the principal amount, together with all interest due and payable on it, on the date specified as the Balance Due Date in the mortgage (which is the same as the date specified as the Last Payment Date in the mortgage and is called the **last payment date**).

D. Application of Monthly Loan Payments

Each monthly loan payment will be used:

- **first**, to pay or reduce the interest (other than deferred interest) that has accrued on the loan amount from (and including) the previous monthly loan payment date to (but excluding) the monthly loan payment date on which the payment is made (if the payment is the first monthly loan payment, the interest will be the interest that has accrued from the interest adjustment date);
- **second**, if any of the payment remains, to pay or reduce deferred interest, if any; and
- **thirdly**, if any of the payment remains, to reduce the principal amount outstanding.

E. Early Payment On Sale or Mortgage

If you sell, transfer, mortgage or charge your property, we may, at our option, require you to pay all the money that you owe us under this mortgage immediately, unless we have given our prior written consent to the sale, transfer, mortgage or charge. If we consent to the sale, transfer, mortgage or charge and do not require you to immediately pay all the money that you owe us under this mortgage, your obligations to us under this mortgage and our rights against you or anyone else who is liable for the payment of money owing under this mortgage, are not affected.

F. Progress Draw Construction Mortgage

If this is a Progress Draw Construction Mortgage, you will pay interest only payments, monthly, during the construction period, starting one month from the date of your 1st advance. Your interest only payment amount will vary automatically with our prime rate (as outlined in paragraph 3E above) and will be calculated based on the principal amount advanced so far. Your last interest only payment amount will be due on the earlier of; the last date specified Last Payment Date in the mortgage, 9 months from the date of your 1st advance, or, on the date your mortgage is at least 75% advanced. At that time, the total loan amount plus all interest owing will become due and payable, unless converted as set out below.

If your progress draw construction loan is not 75% advanced on or before the nine-month construction period, we may, at our discretion:

1) convert your mortgage as described below

2) continue to collect interest-only payments for a set period of time

3) require the outstanding loan amount and all interest owing to be paid in full.

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Convertible Feature

When your mortgage loan is at least 75% advanced (providing this occurs on or before the end of the 9 months from the date of the first advance), we will automatically reset your term start date and convert your mortgage to your chosen term, rate type, and repayment schedule, based on the full principal amount, as detailed in the Personal Credit Agreement or amendment to that agreement. We will provide you with a confirmation notice, which will set out, among other things, your mortgage interest rate, principal & interest payment amount, term start date and maturity date.

G. Prepayment Terms and Conditions

Prepayment Charges – Paying off your mortgage before the maturity date.
You may prepay some, or the entire mortgage early, based on the type of mortgage you have. If we later agree to change or extend the terms of the loan, these prepayment conditions do not apply to the new renewal or extended term.

Miss a Payment* Option
You may miss any scheduled payment, as long as you have prepaid an amount equal to the amount of the payments you intend to miss in this term and your mortgage is not in default. You cannot, however, miss your Mortgage Protection premium, if applicable. Extra payments or prepayments may not be used to miss a payment if this mortgage is assumed by a subsequent purchaser.

Continuing Liability
Unless you prepay the balance of the principal amount owing, you must continue to make your regular mortgage payments.

If your mortgage does not provide for a Cap Rate and the Prepayment Type is Open
If your mortgage payments are up to date, you may pay off some, or the entire principal amount of your mortgage, on any regular payment date. If you pay off the entire principal amount owing you must pay an administration fee of $100 for each year or part of a year remaining in the term.

You may early renew this mortgage to a fixed rate, closed prepayment type mortgage for a term of 3 years or longer without a prepayment charge.

If you received a Cashback with your mortgage, the cashback amount will be payable as outlined below under the heading *Cashback*.

If your mortgage provides for a Cap Rate and the Prepayment Type is Closed
If your mortgage payments are up to date, you may increase your payments, or pay off some of your mortgage early in one of the three ways listed in the following chart. These options apply to partial prepayments only. The options are available each year and cannot be saved to use in a later year. Each year is defined as the 12 month period starting on the Term Start Date (also referred to as the Interest Adjustment Date) or the anniversary of that date. If your mortgage term is less than 12 months, these options are available in each term.

PREPAYMENT OPTIONS		
How	When	What it means
1 *by paying an extra regular mortgage payment (principal, interest and taxes)	on any regular payment date during the year	your principal mortgage balance will be reduced by that amount
2. *by paying up to 15% of the original principal amount of your mortgage	at any time (excluding day prepaid in full), sum total not to exceed the yearly maximum	
3. by increasing your regular mortgage payment by up to 15% of the principal and interest payment set for the term of the mortgage	once each year of the term of your mortgage	

*Only items 1 & 2 qualify for the Miss a Payment option

Prepayment Costs

When you prepay some, or the entire principal of your mortgage, you will incur prepayment charges unless the partial prepayment is in accordance with the prepayment options chart above.

The charge to pay off some, or the entire principal amount of your mortgage early is 3 months' interest costs on the amount you want to prepay. The interest rate used to calculate the 3 months interest is the Cap Rate. If you received a Cashback with your mortgage the cashback amount will be repayable as outlined below under the heading *Cashback*.

If this is a Progress Draw Construction Mortgage

If this is a Progress Draw Construction Mortgage, section 4G does not apply to your mortgage during the construction period.

H. Cashback

If you receive a cashback with your mortgage the cashback amount will be repayable if your mortgage loan does not remain outstanding with us for the full term. If the mortgage is partially prepaid, paid in full, transferred, assumed, or renewed prior to the expiry of the term, the cashback amount will appear as payable in any assumption, discharge or early renewal statement and will be calculated on an even, prorated basis using the following formula:

$$\text{Cashback Repayment} = \frac{\text{Remaining Term in months (rounded up)}}{\text{Original Term in months}} \times \text{Cashback Amount Received}$$

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5. YOUR TITLE TO YOUR PROPERTY

A. As Owner of Your Property, you certify that:

i) You are the lawful owner of your property;

ii) You have the right to give us the mortgage;

iii) There are no encumbrances on the title to your property; and

iv) There are no limitations or restrictions on your title to your property except building by-laws, zoning regulations and registered restrictions.

This paragraph A applies unless you have advised us in writing that you are a tenant of your property under a lease, in which case paragraph B applies.

B. If you Are a Tenant of Your Property

i) You certify that:

a) The property is leased to you and your legal or personal representatives under a lease, a copy of which you have provided to us;

b) The lease is a binding and existing lease and all information you have provided to us concerning it is true;

c) All rents payable under the lease have been paid to the date you sign the mortgage;

d) You have permission or the right to assign and mortgage or charge the lease; and

e) Except as expressed in the lease, there are no limitations, restrictions or encumbrances on your interest under the lease other than building by-laws, zoning regulations and registered restrictions.

ii) You promise:

a) To pay the rent as it falls due;

b) To comply with all of the other terms of the lease and not to do anything that would cause the lease to be terminated;

c) Not to surrender the lease;

d) Not to make any change in the lease without first obtaining our written consent;

e) To give us a true copy of any notice or request you receive concerning the lease; and

f) To notify us immediately if your landlord advises you of early termination or takes any steps to effect early termination of the lease.

C. You will not do anything that will interfere with our interest in your property.

D. In order to ensure that your entire interest in your property is charged to us you will sign any other documents or do anything further that we think is necessary.

6. USE OF YOUR PROPERTY

You will not make any additions, alterations or improvements to your property or use your property for any business purposes without our prior written consent. You may not use your property for any illegal purposes.

7. WE ARE UNDER NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance the entire principal amount or any part of it to you then we do not have to do so, even though the mortgage is prepared, signed or registered, and whether or not any part of the principal amount has already been advanced. However, by signing the mortgage you charge all of your interest in your property to us. You will reimburse us, on demand, for all our expenses of investigating the title to your property and preparing and registering the mortgage.

8. TAXES

A. You will make **monthly tax payments** to us on account of property taxes on each monthly loan payment. The amount of each monthly tax payment will be 1/12th of our estimate of a year's taxes on your property next becoming due and payable and may change from time to time to reflect changes in the annual taxes on your property. The monthly tax payments should enable us to pay all property taxes on or before their annual due date. Or, if your property taxes are payable in instalments, the monthly payments should enable us to pay the full year's instalments of property taxes on or before the date on which the first instalment is due.

B. If, however, the annual due date or the first instalment date for the payment of your property taxes is less than one year from the interest adjustment date, you will pay us equal monthly tax payments during that period and during the next 12 months. These equal monthly tax payments will be based on our estimate of the total taxes payable for both periods so that we will receive enough money from you to pay all taxes for both of those periods.

C. You will also pay us, on demand, any amount by which the actual taxes on your property exceed our estimate of your taxes. Or, at our option, we may increase the monthly payment to cover this amount.

D. We will pay your taxes from the monthly payment we receive from you as long as you are not in default under the mortgage. We are not obliged to make tax payments on the dates they are due or more often than once a year. If you have not paid us enough for taxes, we may still pay the taxes. This will create a debit balance in your tax account. Any debit balance is immediately payable by you. We are under no obligation to advise you that a debit balance has been created.

E. We will pay you interest on any credit balance in your tax account. The interest we pay will not be less than that paid by The Bank of Nova Scotia on savings-chequing accounts. We will charge you interest on the debit balance in your tax account at the interest rate payable on the loan amount until the debit balance is paid to us in full.

F. If you fail to pay us any amount when it is due, we may apply the money in your tax account towards payment of such amount.

G. We can deduct from the total final advance of the principal amount enough money to pay all taxes due on or before the interest adjustment date and which have not been paid on the date the final advance is made.

H. You will immediately send us all assessment notices, tax bills or tax notices which you receive.

9. PAYMENTS WE CAN MAKE

We can pay off any liens, claims or encumbrances against your property which we consider to have priority over the mortgage. We can also pay all our expenses of collecting any payments not received from you when due. These expenses will include all our legal expenses on a solicitor and own client basis. You must immediately reimburse us for any amount so paid.

If we pay off any liens, claims or encumbrances against your property, we will be entitled to all the rights, equities and securities of the person, company, corporation or Government so paid off.

10. TRANSFER OF LEASES AND RENTS

A. If you have leased or, at a later date, lease all or part of your property to another person or persons, then, upon our written request, you will transfer and assign to us:

- i) All leases, lease agreements and their renewals;
- ii) All rents and other money payable under the terms of all leases and agreements. However, we may allow you to receive the rents so long as there is no default by you in making your payments to us or in complying with your other obligations to us under the mortgage; and
- iii) All rights under the leases and agreements as they affect your property.

B. In addition, you confirm that:

- i) You must obtain our prior written consent for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease);
- ii) Nothing we do under this paragraph 10 shall put us in possession of your property;
- iii) However, if you default under the mortgage, we have the right to take possession of your property; and
- iv) We are not obliged to collect any rent or other income from your property nor to comply with any term of any lease or agreement.

11. INSURANCE

You will without delay insure, and keep insured, in our favour and until the mortgage is discharged, all buildings covered by the mortgage (including those which will be built in the future both during construction and afterwards) against loss or damage by fire and other perils usually covered in fire insurance policies and against any other perils we request. Such insurance must be provided by a company approved by us for the replacement cost of the buildings (the maximum amount for which the buildings can be insured) in Canadian dollars. Your policy must be in form satisfactory to us and must include extended perils coverage and a mortgage clause stating that loss is payable to us. You shall, at our request, transfer to us all insurance policies and receipts you have on the buildings and any proceeds from that insurance.

If you do not:

— Maintain insurance on the buildings that, in our opinion, complies with this paragraph;

— Deliver a copy of any insurance policy or receipt to us at our request; or

— Provide us with evidence, at our request, of any renewal or replacement of the insurance, at least fifteen full days before your insurance expires or is terminated,

we can, but are not obliged to, insure any of the buildings. What we pay for this insurance shall be added to the amount you owe under this mortgage and shall bear interest at the mortgage interest rate. You will pay this amount with your next monthly payment. If any loss or damage occurs, you will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. The production of this mortgage will be sufficient authority for an insurance company to pay us any loss related to the insurance policy or to accept instructions from us dealing with the loss.

Insurance proceeds may, in whole or in part, at our option, be:

- a) Applied to rebuild or repair the damaged buildings;
- b) Paid to you;
- c) Paid to any other person who owns or did own the property, as established by the registered title; or
- d) Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

This paragraph 11 does not apply (and paragraph 21E does apply) if your property is a condominium unit.

12. KEEPING YOUR PROPERTY IN GOOD CONDITION

You shall keep your property in good condition and make any repairs needed. You shall not do anything, or let anyone else do anything, that lowers the value of your property. We can inspect your property at any reasonable time. If, in our opinion, you:

— Do not keep your property in good condition; or

— Do or allow anything to be done that lowers the value of your property;

we can make any repairs we think are advisable. The costs of any inspections and any repairs we make are immediately payable by you.

13. ENVIRONMENTAL PROVISIONS

We (including, in this section, the Canada Mortgage and Housing Corporation if this is a CMHC-insured mortgage) may inspect your property and the buildings on it when we consider it appropriate. We may do this for any purpose but particularly to conduct environmental testing, site assessments, investigations or studies which we consider necessary. The costs of any testing, assessment or study will be payable by you and you will pay us the costs immediately after we give you notice of them. If you do not pay us when we request it, we can add the amounts to the outstanding balance under your mortgage and they will bear interest at your mortgage interest rate. If we do the things permitted under this section, we will not be considered to be in control of your property.

14. REPAYMENT OF LOAN AMOUNT ACCELERATED

The loan amount will become payable immediately, at our option, if:

a) You default in making any regular monthly loan payment, or any other payment you are obliged to make to us under the mortgage.

b) You fail to comply with any of your other obligations under the mortgage.

c) Any lien is registered against your property or we receive written notice of any lien that is created as a result of unpaid property taxes, unpaid condominium maintenance fees, judgements or construction liens or other similar encumbrances.

d) Your property is abandoned.

e) Any buildings being erected or additions, alterations or improvements done on your property remain unfinished without work being done on them for 30 consecutive days.

f) For a VRM without a Cap Rate, the loan balance and all amounts secured by a mortgage, charge, lien, or other encumbrance against your property ranking equal or in priority to the mortgage, ever exceeds 105% of the original advanced amount.

g) You, or any party using your property with your permission, uses your property for illegal purposes.

15. APPOINTING A RECEIVER TO RECEIVE INCOME

If you default in making any regular monthly loan payment or any other payment which you have agreed to make to us, or in complying with any of your obligations under the mortgage, we can, in writing, appoint a **receiver** (which includes a receiver and manager) to collect any income from your property. We can also, in writing, appoint a new receiver in place of any receiver appointed by us. The receiver is considered to be your agent and not ours and his defaults are considered to be solely your defaults.

The receiver has the right to:

- Use any available remedy (taken in your name or our name) to collect the income from your property;
- Take possession of your property or part of it; and
- Manage your property and maintain it in good condition.

From the income collected the receiver may:

a) Retain a commission of 5% of the total money received or any higher rate permitted by a judge or other authorized officer.

b) Retain enough money to pay disbursements spent on collecting the income.

c) Pay all taxes, fire insurance premiums, expenses of keeping your property in good condition, interest on those payments and all other charges that have priority over the mortgage and interest on those charges.

d) Pay us all interest that is due and payable under the mortgage and then pay us all or part of any other amount payable under the mortgage, whether it is due or not.

Nothing done by the receiver puts us in possession of your property or makes us accountable for any money except for money actually received by us.

16. ENFORCING OUR RIGHTS

A. Default in Payment

If you default in making any regular monthly loan payment or any other payment that you are obliged to make to us under the mortgage, we may enforce any one or more of the following remedies in any order:

i) **Sue you** — We may take such action as is necessary to obtain payment of the loan amount.

ii) **Foreclose or sell your property** — We may commence court proceedings to foreclose your right, title and equity of redemption to all or part of your property. If we obtain a final order of foreclosure, your property will by law become our property.

We may also ask the court to order the sale of your property. If the court makes such an order, it will supervise the sale proceedings. The net proceeds of the sale will be applied to reduce the loan amount . Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

iii) **Power of sale** — If you default in making any payment for 15 days, we can on 35 days' notice to you enter on your property and:

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a) Take possession of it;

b) Sell all or part of your property (for cash or on credit, or partly for cash and partly on credit) by private sale or public auction for the price and on those terms that can be obtained;

c) Lease it on such terms and for whatever period we may decide upon; or

d) Take any other remedy available to us under Ontario law.

Notice shall be given to you and to such other persons in the manner and as required by law at the time it is given. Where there are no such requirements, notice may be given to you, at our option, by one or more of the following means:

— Personal service at your last known address;

— Registered mail at your last known address;

— Publication in a newspaper published in the county or district where your property is located;

— Leaving it with a grown-up person on your property; or

— Posting it on your property.

If default continues for three months, we may enter on, sell or lease your property without any notice unless notice is required by law.

We may apply the net proceeds of the sale or lease to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale or lease of your property is less than the loan amount, you must pay us the difference.

B. Default in your obligations including default in payment — If you default in any obligation under the mortgage (including any default referred to in paragraph A), we can enforce our above rights and we can enter on your property at any time, without the permission of any person, and make all arrangements that we consider advisable to:

— Inspect, lease, collect rents or manage your property;

— Repair or put in order any building on your property; or

— Complete the construction of any building on your property.

We can also take whatever action is necessary to take possession, recover and keep possession of your property.

C. Sale of goods (commercial mortgage only) —

If this is a commercial mortgage and you fail to make any payment to us when it is due, we can distrain against your goods. This means we can take any goods on your property and sell them as permitted by Ontario law. We may apply the net proceeds from the sale to reduce any part of the loan amount. Taking this action does not put us in possession of your property nor make us accountable for any money except the money we actually receive.

D. You will not interfere — You will not interfere with our possession of your property (if we go into possession of your property in enforcing our above rights) nor with the possession of anyone to whom your property is sold or leased by us or any receiver. You agree not to make any claim concerning the sale or lease of your property against anyone who buys or leases it from us or any receiver, or anyone who buys or leases it after that time.

E. Our expenses — You will immediately pay all our expenses of enforcing our rights. Our expenses include our costs of taking or keeping possession or your property, an allowance for the time and services of Scotia Mortgage Corporation's and/or The Bank of Nova Scotia's employees utilized in so doing, our legal fees on a solicitor and own client basis and all other costs related to protecting our interest under the mortgage.

F. Judgments — If we obtain a court judgment against you for your failure to comply with any of your obligations to us under the mortgage, the judgment will not result in a merger of the terms of the judgment with our other remedies or rights to enforce your other obligations under the mortgage. We will continue to be entitled to receive interest on the loan amount at the rate payable on the loan amount and at the same times as provided for in the mortgage. The rate of interest payable on any judgment shall be calculated and payable in the same way as interest is calculated under the mortgage and at the same rate that interest is payable on the loan amount until the judgment has been paid in full.

17. DELAY IN ENFORCEMENT OF OUR RIGHTS

No delay or extension of time granted by us to you or any other person in exercising the enforcement of any of our rights under the mortgage nor any agreement referred to in paragraph 20 shall affect our rights to:

a) Receive all payments you are obliged to make to us, when they are due and payable.

b) Demand that you repay the loan amount and all interest which is due and payable, on any default by you.

c) Have you comply with all of your obligations to us under the mortgage.

d) Have any other person comply with the obligations that person has to us under the mortgage.

18. BUILDING MORTGAGE TERMS

An **improvement** means any alteration, addition or repair to any building on your property or any construction, erection or installation on your property. If the purpose of the mortgage is to finance an improvement, you must so inform us in writing immediately and before any advances are made under the mortgage. You must also provide us immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. You agree that any improvement shall

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be made only according to contracts, plans and specifications approved in writing by us in advance. You must complete all such buildings or improvements as quickly as possible and provide us with proof of payment of all contracts from time to time as we require. We will make advances (part payments of the principal amount) to you based on the progress of the improvement, until either completion and occupation or sale of your property. We will determine whether or not any advances will be made and when they will be made. Whatever the purpose of the mortgage may be, we may in our sole and absolute discretion hold back funds from advances until we are satisfied that you have complied with the holdback provisions of the Construction Lien Act as amended or re-enacted. You authorize us to provide information about the mortgage to any person claiming a construction lien on your property.

19. RELEASING YOUR PROPERTY FROM THE MORTGAGE

We may establish the terms for releasing our interest in all or part of your property (that is, we may discharge, or partially discharge, your property) from the mortgage whether we receive value for our release or not. If we release part of your property from the mortgage at any time, the rest of your property will continue to secure the loan amount. We are only accountable for money actually received by us.

If your property is subdivided before our interest in your property comes to an end, the mortgage will be secured by each part into which your property is subdivided. This means that each part will secure repayment of the total amount you owe us, even if we release another part of your property from the mortgage.

If any part of the property, or any land adjoining the property, is taken by the exercise of any power of expropriation or similar power, the entire compensation which you may be entitled to receive shall, at our option, be applied to reduce the balance or the mortgage including any penalty, fee or interest to which we have a right under this mortgage or the relevant legislation.

We can release you, any guarantor, or any other person from performing any obligation contained in the mortgage or any other security document, without releasing any part of your property secured by the mortgage or any other security, and any such release shall not release any other person from the obligations in the mortgage.

20. RENEWING OR OTHERWISE AMENDING THE MORTGAGE

We may from time enter into one or more written agreements with you (or with any one to whom your property is transferred) to amend the mortgage by extending the time for payment, renewing it or its term for further periods of time, changing the interest rate payable under the mortgage or otherwise altering the provisions of the mortgage. Whether or not there are any encumbrances on your property in addition to the mortgage at the time the agreement is entered into, it will not be necessary to register the agreement on title in order to retain priority for the mortgage, as amended, over any instrument registered after the mortgage. Any reference in this set of standard charge terms to the mortgage means the mortgage as amended by any such agreement or agreements.

21. CONDOMINIUM PROVISIONS

If your property is a condominium unit, you are also to comply with the provisions in this paragraph 21 in addition to all of the other provisions of the mortgage (except paragraph 11).

In this paragraph 21, the Condominium Act, as amended or re-enacted, is called the **Act**. Expressions used below which are the same as those in the Act have the same meaning as those in the Act, except that the expression **condominium property** has the same meaning as the word "property" in the Act.

A. You will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the **corporation**) relating to your property and provide us with proof of your compliance from time to time as we may request.

B. You will pay the common expenses for your property to the corporation on the due dates. Or, if we exercise our right to collect your contribution towards the common expenses from you, you will pay the same to us upon being so notified. We can accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due.

C. You will forward to us any notices, assessments, by-laws, rules and financial statements of the corporation you receive (or are entitled to receive) from the corporation.

D. You will maintain all improvements made to your unit and repair them after damage.

E. **Insurance** — In addition to the insurance which the corporation must obtain, you must:

i) Insure all improvements which you or previous owners have made to your unit;

ii) Obtain insurance for those additional risks that we require;

iii) Insure your common or other interest in building (whether presently existing or built in the future both during construction and afterwards) which are part of the condominium property or assets of the corporation if the corporation fails to insure the buildings or assets as required or if we require you to do so;

iv) Assign your insurance policies to us and (as far as permitted by law) your interest in the policies held by the corporation.

v) Provide us with proof that the required insurance is in force, as well as evidence of any renewal or replacement of the insurance, within fifteen full days before the insurance expires or is terminated.

vi) Do all that is necessary to collect insurance proceeds.

Each of your insurance policies (and those of the corporation) must comply with the following:

— Your property must be covered against destruction or damage by fire and other perils usually covered in fire insurance policies and against any other perils we require for its full replacement cost (the maximum amount for which it can be insured) in Canadian dollars;

— The insurance company and the terms of the policy must be satisfactory to us.

If you fail to insure your property as required in this paragraph 21, we can, but are not obliged to, obtain any insurance which you are required to obtain. What we pay for this insurance will immediately become payable by you to us. If any loss or damage occurs, you, on behalf of the condominium corporation and yourself, will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. You will seek to ensure the full compliance by the condominium corporation with its duties and obligations under the **Condominium Act** and the Declaration and By-Laws of the condominium corporation.

To the extent permitted by law, insurance proceeds may, in whole or in part, at our option be:

a) Applied to rebuild or repair the damage to your property;

b) Paid to you;

c) Paid to any other person who owns or did own the property, as established by the registered title; or

d) Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

F. You must pay certain other expenses — In addition to our other rights and remedies contained in the mortgage, you will pay us immediately all our expenses in relation to:

- Any by-law, resolution, rule or other matter (other than one for which only a vote of the majority present at the meeting is required);
- The enforcement of our right to have the corporation or any owner comply with the Act, declaration, by-laws and rules; and
- Our exercising any voting rights we may have.

Where our expenses relate to other units as well as to your property, the amount you are required to pay will only be the expenses related to your property as we determine.

G. Voting and other rights — You authorize us to exercise your rights under the Act to vote, consent and dissent. You also authorize us to exercise your rights to:

- Demand the corporation purchase your unit and common interest, where provided under the Act;
- Elect to have the value of your unit and common interest or that of the condominium property determined by arbitration;
- Receive your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements.

If we do not exercise your rights, you may do so according to any instructions we may give you. Before making such a demand or election you must obtain our prior written approval. You must do this even if we do not have the right to make the demand or election as between ourselves and the corporation, and even if we had previously arranged for you to exercise that right.

Nothing done under this paragraph 21 puts us in possession of your property. We are not liable for any action we may take in doing what you have authorized us to do or for any failure to act. We may at any time revoke any arrangement we make for you to do anything you have authorized us to do.

H. Our additional rights under the mortgage — You authorize us to do the following:

i) Inspect your property at any reasonable time.

ii) Do any needed maintenance or repairs after damage.

iii) Inspect the corporation's records

iv) Remedy any failure of yours to comply with the Act or the declaration, by-laws and rules of the corporation.

I. Repayment of the loan amount may be accelerated — The loan amount will become payable immediately, at our option, if:

i) The corporation fails to comply with the Act and the declaration, by laws and rules of the corporation;

ii) The corporation fails to:

- insure all the condominium units and common elements according to law and according to any additional requirements of ours;
- insure its assets if we so require and according to our requirements;
- provide us with proof that the insurance is in force, if we ask for it; or
- do all that is necessary to collect insurance proceeds;

iii) The corporation does not, in our opinion, manage the condominium property and assets in a careful way;

iv) The corporation fails to keep the corporation's assets in good repair and working order;

v) The corporation makes any substantial modification to the common elements or the corporation's assets without our approval;

vi) There has been substantial damage and the owners have voted for termination of the condominium;

vii) A sale of the condominium property or any part of the common elements is authorized.

viii) A court makes an order that the government of the condominium property by the Act be terminated; or

ix) The condominium property ceases to be governed by the Act.

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Our rights will not be affected by the fact that we voted for or consented to such termination, sale or order or to the condominium property not being governed by the Act.

J. **Termination of the corporation** — If your property ceases to be governed by the Act:

- All the terms of the mortgage continue to apply;
- You authorize us to agree with anyone to a partition of the condominium property. We can pay or receive money to ensure that the partition is equal and you will reimburse us, immediately, for any money we have paid. We can also execute all documents and do all acts needed to carry out the partition;
- Your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements shall be paid to us (unless we notify you to the contrary in writing) and you will do all things necessary to accomplish this; and
- Any money received by us (after payment of all our expenses) may be applied to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you.

22. DISCHARGE

When our interest in your property comes to an end, we will either prepare, execute and register a full discharge of our claim and provide you with confirmation of discharge, or, at our sole option, we will prepare and provide you with an executed but unregistered Discharge of Charge/Mortgage. You will give us a reasonable time in which to prepare, review, execute and register the discharge documents and you will pay our usual administrative fees for preparing, reviewing and executing the discharge document and, where we elect to register the discharge of our claim, our usual administrative fees for registering the discharge document. You will also pay all legal and other expenses that we incur in connection with the discharge of our claim. In the event that we provide you with an unregistered Discharge of Charge/Mortgage, you will be responsible for registering the documentation and for all costs relating to such registration.

When our interest in your property comes to an end and you request that we assign your mortgage, we will prepare and execute an assignment of the mortgage for you. You will give us a reasonable time in which to prepare, review and execute the assignment and you will pay our usual administrative fees for preparing, reviewing, and executing the documentation and all legal and other expenses we incur in so doing. You will be responsible for registering the assignment documentation and for all costs relating to such registration.

23. HEADINGS

Headings form no part of the mortgage. They are used so that parts of the mortgage can easily be referred to.

24. WHO IS BOUND BY THE MORTGAGE

You agree to observe and be bound by all of the terms and obligations contained in the mortgage. The mortgage will also be binding on your heirs, personal and legal representatives, successors or assigns, our successors, assigns or legal representatives and anyone else to whom your property is transferred. As well, the mortgage will be binding on anyone to whom it is transferred by us. All persons who sign the mortgage as chargors are collectively and individually (that is, jointly and severally) bound to comply with all obligations under the mortgage.

25. STATUTORY COVENANTS EXCLUDED

The covenants set out in Section 7(1) of the Land Registration Reform Act, as amended or re-enacted, are excluded from the mortgage.

26. GUARANTEE

In this paragraph 26, **guarantor** means each person who signs the mortgage as guarantor. **Chargor** means the person or persons who sign the mortgage as chargor and **property** means the property charged by the mortgage.

In return for us making a loan to the chargor, the guarantor, by signing the mortgage, guarantees the chargor's payments (including interest, whether or not the interest rate is changed), and compliance with the chargor's other obligations, under the mortgage. Each guarantor agrees that, if the chargor defaults in making any payment or in performing any other obligation under the mortgage, the guarantor will pay us all of the unpaid payments and comply with all of the obligations which have not been complied with by the chargor. Each guarantor will be collectively and individually (that is, jointly and severally) responsible with the chargor and with one another (if more than one) for all obligations under the mortgage.

It is understood that we can without lessening the guarantor's liability and without obtaining the consent of or giving notice to the guarantor:

- Grant any extensions of time for payment and extensions of the term of the mortgage, including any renewals of the mortgage or its term for further periods of time;
- Increase the rate of interest payable under the mortgage, either during the initial term or in any subsequent renewal period;
- Release the whole or any part of the property from the mortgage or any other security;
- Otherwise deal with the chargor, any other person (including any guarantor), any security (including the mortgage) or the property, including releasing, realizing on or replacing any security we may hold;
- Waive any provision of the mortgage or change any of the terms of the mortgage at any time during the initial term of the mortgage or in any subsequent renewal period;

either before or after requiring payment from any person without affecting the guarantee. We may require payment from any guarantor without first trying to collect from the chargor or any other person (including any guarantor) or on any security (including the mortgage). Each guarantor's obligations shall be binding upon the guarantor's successors or personal representatives.

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27. EQUIVALENT RATES

The interest rate payable on the loan amount under the mortgage is calculated monthly not in advance. The table below sets out what would be the equivalent interest rate if the interest rate were calculated half-yearly not in advance.

Interest rate per annum calculated monthly not in advance (%)	Equivalent interest rate per annum calculated half-yearly not in advance (%)	Interest rate per annum calculated monthly not in advance (%)	Equivalent interest rate per annum calculated half-yearly not in advance (%)
2.0000	2.00835	11.750	12.04141
2.1250	2.13443	11.875	12.17269
2.2500	2.26057	12.000	12.30403
2.3750	2.38678	12.125	12.43544
2.5000	2.51306	12.250	12.56692
2.6250	2.63940	12.375	12.69846
2.7500	2.76580	12.500	12.83008
2.8750	2.89228	12.625	12.96176
3.000	3.01881	12.750	13.09351
3.125	3.14542	12.875	13.22533
3.250	3.27208	13.000	13.35721
3.375	3.39882	13.125	13.48916
3.500	3.52562	13.250	13.62118
3.625	3.65249	13.375	13.75327
3.750	3.77942	13.500	13.88543
3.875	3.90642	13.625	14.01766
4.000	4.03348	13.750	14.14995
4.125	4.16061	13.875	14.28231
4.250	4.28781	14.000	14.41474
4.375	4.41507	14.125	14.54724
4.500	4.54240	14.250	14.67981
4.625	4.66979	14.375	14.81244
4.750	4.79725	14.500	14.94514
4.875	4.92478	14.625	15.07791
5.000	5.05237	14.750	15.21075
5.125	5.18003	14.875	15.34366
5.250	5.30776	15.000	15.47664
5.375	5.43555	15.125	15.60968
5.500	5.56341	15.250	15.74279
5.625	5.69133	15.375	15.87597
5.750	5.81932	15.500	16.00922
5.875	5.94738	15.625	16.14254
6.000	6.07550	15.750	16.27593
6.125	6.20369	15.875	16.40939
6.250	6.33195	16.000	16.54291
6.375	6.46027	16.125	16.67650
6.500	6.58866	16.250	16.81016
6.625	6.71711	16.375	16.94389
6.750	6.84564	16.500	17.07769
6.875	6.97423	16.625	17.21156
7.000	7.10288	16.750	17.34550
7.125	7.23160	16.875	17.47950
7.250	7.36039	17.000	17.61358
7.375	7.48925	17.125	17.74772
7.500	7.61817	17.250	17.88193
7.625	7.74716	17.375	18.01621
7.750	7.87621	17.500	18.15056
7.875	8.00534	17.625	18.28498
8.000	8.13452	17.750	18.41947
8.125	8.26378	17.875	18.55403
8.250	8.39310	18.000	18.68865
8.375	8.52249	18.125	18.82335
8.500	8.65195	18.250	18.95811
8.625	8.78147	18.375	19.09295
8.750	8.91106	18.500	19.22785
8.875	9.04072	18.625	19.36282
9.000	9.17045	18.750	19.49786
9.125	9.30024	18.875	19.63297
9.250	9.43010	19.000	19.76815
9.375	9.56002	19.125	19.90340
9.500	9.69002	19.250	20.03872
9.625	9.82008	19.375	20.17411
9.750	9.95021	19.500	20.30956
9.875	10.08040	19.625	20.44509
10.000	10.21066	19.750	20.58068
10.125	10.34099	19.875	20.71635
10.250	10.47139	20.000	20.85208
10.375	10.60185		
10.500	10.73238		
10.625	10.86298		
10.750	10.99365		
10.875	11.12438		
11.000	11.25519		
11.125	11.38605		
11.250	11.51699		
11.375	11.64800		
11.500	11.77907		
11.625	11.91021		

Dated this 10th day of January, 2006

Craig Diddle
Assistant General Manager
Scotia Mortgage Corporation
I have the authority to bind the corporation.

STANDARD CHARGE TERMS
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Filing No. 200606 Cote
Filing Date JANUARY 18th/06 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

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LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS

Filed By: **ONTARIO CIVIL SERVICE CREDIT UNION LIMITED**

The following Standard Charge Terms shall be applicable to documents registered in electronic format under Part III of the Act (as defined below) and shall be deemed to be included in every electronically registered charge in which this set of Standard Charge Terms is referred to by its filing number, as provided in Section 9 of the Act, except to the extent that the provisions of these Standard Charge Terms, are modified by additions, amendments or deletions in the schedule.

1. Definitions.

In this set of Standard Charge Terms and in each charge and the Schedules attached to the Charges:

(i) "**Act**" means the *Land Registration Reform Act*, R.S.O. 1990, Chapter L.4 and any amendments thereto in effect at the time of execution and delivery of the Charge.

(ii) "**Agreements**" means all of the contracts, agreements, promissory notes, bills, notices or other documents which govern or relate to the Indebtedness, replacements and substitutions of them.

(iii) "**Charge**" means the Form 2 Charge/Mortgage of Land or the electronic version of Charge/Mortgage of Land, the Schedules attached to it, and this set of Standard Charge Terms.

(iv) "**Indebtedness**" means the debts and liabilities described in the Charge, all Interest thereon and all other present and future indebtedness and Your liability to Us whether direct or indirect, absolute or contingent, revolving or non-revolving, whether incurred by You alone or together with any other debtor or debtors and whether incurred pursuant to the provisions of the Charge, Agreements or otherwise.

(v) "**Interest**" means interest payable by You to Us at the rate or rates of interest applicable to the Indebtedness, if any, as specified in the Charge or the Agreements.

(vi) "**Interest Adjustment Date**" means the date for the adjustment of Interest provided for in the Charge.

(vii) "**Property**" means the property described under the heading "Description" in the Charge and all buildings, structures, additions, alterations, erections, improvements and any and all other property that is at any time attached or fixed to the lands or buildings or placed on and used in connection with them.

(viii) "**Regulations**" means the regulations made from time to time under Part 1 of the Act.

(ix) "**Schedule**" means a schedule to the Charge as contemplated by the Act and Regulations thereunder.

(x) "**Successor**" means an heir, estate trustee or successor.

(xi) "**Taxes**" means all taxes, rates, assessments and local improvement charges, municipal, local, parliamentary or otherwise, in regard to the Property.

(xii) "**We**", "**Our**" and "**Us**" means the Ontario Civil Service Credit Union Limited as Chargee under the Charge and its successors and assigns.

(xiii) "**You**" and "**Your**" means the party or parties who have executed the Charge and his, her or their heirs, estate trustees, Successors and permitted assigns, as the case may be.

The Charge is made pursuant to the *Mortgages Act.* If this is a CMHC-insured mortgage, it is made pursuant to the *National Housing Act*.

2. **Description of property covered.**

The Charge is over all of the Property.

3. **Indebtedness.**

You agree to pay in accordance with the Agreements and the Charge the Indebtedness including but not limited to all costs and other amounts due to Us under this Charge or under any of the Agreements, and all Interest, including compound Interest, accruing on the Indebtedness from time to time. These amounts are secured by this Charge and form part of the Indebtedness.

4. **What the Charge does.**

By signing this Charge, You charge Your entire interest in the Property to Us, and to anyone to whom the Charge is transferred in any way, as security for the payment to Us, on demand, of the Indebtedness up to the principal amount expressed in box 4 of the Charge. The preceding sentence does not include the final day of any lease. The Charge is not satisfied or discharged by any intermediate payment of all or part of the Indebtedness but remains a continuing security for payment of the Indebtedness, notwithstanding any change in the amount, nature or form of the Indebtedness or any renewal, extension, amendment or replacement of the Agreements.

5. **End of Charge.**

Our Charge upon Your interest in the Property will end when:

(i) You have repaid the Indebtedness in full; and

(ii) You have complied with all other terms and conditions in the Agreements and the Charge; and

(iii) We have signed and delivered to You a Discharge of the Charge.

You may remain in possession of the Property as long as You are not in default under any of the Agreements or the Charge.

6. **No obligation to advance.**

We have no obligation to advance funds to You, even though the Charge is prepared, signed or registered, and whether or not any amounts have already been advanced. However, by signing the Charge You charge all of Your interest in the Property to Us. You will reimburse Us, on demand, for all our expenses incurred in investigating the title to the Property and preparing and registering the Charge.

7. **Your title to the Property.**

As owner of the Property, You certify that, as of the date of this Charge and at each subsequent advance of the Indebtedness:

(i) You are the lawful registered and beneficial owner of the Property;

(ii) There are no encumbrances on the title to the Property other than those disclosed on the registered title to the Property; and

(iii) There are no limitations or restrictions on Your title to the Property except building by-laws, zoning regulations and registered restrictions which have been complied with and which We have consented to in writing in advance.

You agree not to do anything that will interfere with the Charge and You agree to sign any documents which We think are necessary to charge to Us Your interest in the Property.

8. **No Further Charges.**

You agree not to further mortgage, charge, hypothecate or encumber the Property without our prior written consent which may be unreasonably withheld.

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9. **Your Responsibilities.**

(i) **Payment** - You agree to pay Us the Indebtedness in accordance with the Charge without deduction, abatement or set-off of any kind, and to comply with all Your other obligations under this Charge and under all Agreements.

(ii) **Insurance** –

(A) You will insure without delay, and keep insured, in our favour and until the Charge is discharged, all buildings and improvements comprising the Property (including those which will be built in the future both during construction and afterwards) ("**Improvements**") against loss or damage by fire and other perils usually covered by an "All Risks" insurance policy and against any other perils We request.

(B) Such insurance must be provided by a company approved by Us for the replacement cost of the Improvements (the maximum amount for which the Improvements can be insured) in Canadian dollars.

(C) Your policy must be in form satisfactory to Us and must include extended perils coverage and the Canadian standard mortgage clause satisfactory to Us stating that loss under the policy is payable to Us.

(D) You shall, at our request, transfer to Us all insurance policies and receipts You have on the Improvements and any proceeds from that insurance. Co-insurance is not permitted.

(E) If You do not:

(1) maintain insurance on the Improvements that, in our opinion, complies with this paragraph;

(2) deliver a copy of any insurance policy or receipt to Us at our request; or

(3) provide Us with evidence, at our request, of any renewal or replacement of the insurance, at least fifteen full days before Your insurance expires or is terminated,

We can, but are not obliged to, insure any of the Improvements. What We pay for any insurance We obtain under this paragraph shall be added to the Indebtedness and will bear Interest at the rate provided for in the Charge. You will pay this amount to Us immediately.

(F) If the insurance You obtain is not acceptable to Us in our reasonable estimation, We can require You to replace it with insurance which is acceptable.

(G) If any loss or damage occurs, You will provide Us immediately, at Your expense, with all necessary proofs of claim. You will also do all necessary acts to enable Us to obtain payment of insurance proceeds.

(H) Our providing a copy of this Charge will be sufficient authority for an insurance company to pay Us any loss related to the insurance policy or to accept instructions from Us dealing with the loss.

(I) If the Property includes a condominium unit You will seek to ensure the full compliance by the condominium corporation with its duties and obligations under the Condominium Act and the Declaration and By-laws of the condominium corporation.

(J) Insurance proceeds may, to the extent permitted by law, in whole or in part and, at our option, be applied to rebuild or repair the damaged Improvements or paid to You or paid to any other person who owns or did own the Property, (as established by the registered title) or applied, at our sole discretion, to reduce any part of the Indebtedness, whether due or not yet due.

(iii) **Taxes** –

(A) You agree to pay all Taxes on the Property when they are due. If We require it, You will make monthly tax payments to Us on account of Taxes with each monthly loan payment. The amount of each monthly tax payment will be 1/12th of our estimate of a year's Taxes next coming due and payable and may change from time to time to reflect changes in the annual Taxes. The monthly tax payments should enable Us to pay all Taxes on or before their annual due date. Or, if the Taxes are payable in instalments, the monthly payments should enable Us to pay the full year's instalments of Taxes on or before the date on which the first instalment is due.

(B) You will also pay Us, on demand, any amount by which the actual Taxes exceed our estimate of Your Taxes. Or, at our option, We may increase the payment to cover this amount.

(C) We will apply the monthly payments We receive from You towards payment of Your Taxes as long as You are not in default under the Charge. We are not obliged to make tax payments on multiple instalment dates or more often than once a year. If You have not paid Us enough for Taxes, We may, at our option, still pay the Taxes. This will create a debit balance in Your tax account. Any debit balance is immediately payable by You. We are under no obligation to advise You that a debit balance has been created.

(D) We will pay You interest on any credit balance in Your tax account. The interest We pay will not be less than that paid by Us on savings-chequing accounts with the same credit balance. We will charge You interest on the debit balance in Your tax account at the interest rate provided for in the Agreements until the debit balance is paid to Us in full. Any such debit balance and all accrued interest thereon will form a part of the Indebtedness.

(E) If You fail to pay Us any Indebtedness when it is due, We may apply the credit balance in Your tax account towards payment of the Indebtedness.

(F) We can deduct from any advance of the Indebtedness enough money to pay all Taxes due which have not been paid.

(G) You will immediately send Us all assessment notices, tax bills or tax notices which You receive and provide Us with receipted tax bills if We require.

(iv) **Other charges** - You agree to pay all Taxes, charges, mortgages, liens, common expenses and other encumbrances on the Property when they are due. If You do not pay any of these amounts when they are due, We can pay them. We can also pay off any Taxes, charges, mortgages, liens, common expenses and/or other encumbrances against Your Property which We consider to have priority over the Charge. If We pay on our behalf any such Taxes, charges, mortgages, liens, common expenses or other encumbrances, You will immediately pay Us our costs of so doing and until paid, all such costs will form part of the Indebtedness and will bear interest at the interest rate provided for in the Agreements. You will also pay all our costs of collecting any payments not received from You when due. These costs will include all of our legal expenses on a solicitor and own client basis. All of these costs will form a part of the Indebtedness and will bear interest at the interest rate provided for in the Agreement.

(v) **Maintenance and Repair of the Property** –

(A) You agree to keep the Property in good condition and to make any repairs that are needed. You also agree not to do anything, or let anyone else do anything, that lowers the value of the Property.

(B) We can inspect the Property at any reasonable time, and charge the cost of any inspections to You. These costs shall be payable to Us immediately, shall bear Interest as provided for in the Agreements and shall form part of the Indebtedness.

(C) If You don't keep the Property in good condition, or if You or anyone else does anything that lowers the value of the Property, We can make any maintenance, repairs and/or replacements which We consider necessary and charge our cost of for such, maintenance, repairs and/or replacements to You. These amounts shall be payable to Us immediately, shall bear Interest as provided in the Agreements and shall form part of the Indebtedness.

(D) You will not make any alterations, improvements or changes to the Property without our prior written consent.

10. **Use of Property.**

You will not use the Property for any business purposes without our consent which may be unreasonably withheld.

11. **Prepayment.**

Your right to prepay, if any, the principal amount of the Indebtedness will be set out in the Charge or the Agreements.

12. **Construction Charges.**

(a) "**improvement**" includes any construction, installation, alteration, addition, repair or demolition in , on under or upon the Property.

(b) If any portion of the Indebtedness is to finance an improvement, You must so inform Us in writing immediately and before any advances of such portion of the Indebtedness.

(c) You must also provide Us immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them.

(d) You agree that any improvement shall be made only according to contracts, plans and specifications approved in writing by Us in advance.

(e) You must complete all improvements as quickly as possible and provide Us with proof of payment of all contracts from time to time as We require. If You do not complete the construction, We may do so and our expenses will form a part of the Indebtedness and will bear Interest at the interest rate provided for in the Agreements. You will pay Us these expenses immediately.

(f) We will make advances (part payments of the principal amount) to You based on the progress of the improvement, until either completion and occupation or sale of the Property. We will determine whether or not any advances will be made, when they will be made and in what amount.

(g) Whatever the purposes of the Charge may be, We may in our sole and absolute discretion hold back funds from advances until We are satisfied that You have complied with the holdback provisions of the *Construction Lien Act* as amended or re-enacted.

(h) You authorize Us to provide information about the Charge to any person claiming a construction lien on the Property.

13. **Assignment of Rents.**

(a) To further secure the Indebtedness secured hereunder, You hereby assign and transfer unto Us all rents, incomes, profits and other benefits now due and which may hereafter become due under or by virtue of any lease, whether written or verbal or any letting of, or of any agreement for the use or occupancy of the Property or any part thereof, which may have been heretofore or may be hereafter made or agreed to, or which may be granted, it being the intention of the parties to establish an absolute transfer and assignment of all such rents, income, profits and other benefits under such leases and agreements and all the avails thereunder unto Us;

(b) You further covenant and agree to execute and deliver at the request of Us all such further assurances and assignments with respect to such tenancies as We shall from time to time require, and shall do all other acts with respect to such tenancies as requested by Us;

(c) In the event that We collect any payments of rent due to Your default, We shall be entitled to receive from such rent a management fee of 10 percent (10%) of all the gross receipts from such rent, it being understood for greater certainty that You and We have agreed that in the circumstances a management fee equal to 10 percent (10%) of gross receipts received by Us in the collection of such rents is a just and equitable fee having regard to the circumstances;

(d) You covenant and agree that no rent has been or will be paid by any person in possession of any portion of the premises described herein, more than 1 month in advance and that the payment of none of the rents to accrue for any portion of the Property have been or will be waived, released, reduced, discounted or otherwise discharged or comprised by You;

(e) Provided further that You will not perform any act or do any thing or omit to do any thing which will cause the default of any lease in or of the building or structures erected on the Property, unless consented to by Us;

(f) You agree that all leases, offers to lease and agreements to lease shall be bona fide and shall be at rates and on terms consistent with comparable space in the area of the Property secured hereunder;

(g) You agree to obtain the consent of Us prior to the execution of any lease, offer, agreement to lease or any tenancy agreement;

(h) Nothing contained under this paragraph shall have the effect of making Us a Chargee in possession.

14. **Securitization.**

We may, at our option, sell or deposit all or any part of the Indebtedness, any Agreement or this Charge to one or more third party(ies) without notice to You or Your consent. If We do so, You agree that this Charge shall continue to secure all Indebtedness, including all amounts owing under any Indebtedness or Agreement that has been so sold, or assigned or deposited and all Indebtedness that arise under any Agreement after such sale, assignment or deposit. This Charge and any Indebtedness or Agreement once sold, assigned or deposited may be repurchased by Us, whether or not in default.

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15. **Immediate Payment.**

You will immediately, at our option, pay to Us all of the Indebtedness if any part of the Indebtedness is not paid when it is due, or if You fail to comply with any of Your obligations under the Charge or under any Agreement.

16. **Delay in Enforcement.**

We can delay enforcing any of our rights under the Charge or the Indebtedness without losing those rights, and We can release others from their obligations under the Charge or any of the Indebtedness without releasing or notifying You.

17. **Enforcing Our Rights on Your Default.**

(a) If You do not repay the Indebtedness after We have demanded payment of them or if You have not corrected any other default under this Charge or Agreements We can take immediate possession of Your Property.

(b) If default of payment shall be made, in respect of the Indebtedness or any part thereof, whether for principal, Interest or otherwise, on such default of payment continuing for at least fifteen (15) days, We may:

  (i) without notice enter on and lease the Property or any part of parts thereof and receive and take the rents, issues and profits thereof;

  (ii) on at least thirty-five (35) days' notice sell the Property or any part or parts thereof;

  (iii) pursue any other remedies available to Us under Ontario law.

(c) You will immediately pay all our expenses of enforcing or protecting our security or any of our rights under the Charge or any Agreements. Our expenses include our costs of taking or keeping possession of the Property, an allowance for the time and services of our employees utilized in so doing, our legal fees on a solicitor and own client basis and all other costs related to protecting or enforcing our interest under the Charge. These expenses will form part of the Indebtedness and will bear Interest as provided for in the Agreements.

(d) After We are in a position to sell or lease the Property, We can sell it, by public auction or private sale, or lease it at any time, in any way, and on any terms which We think are reasonable whether in cash or part cash and credit. If the amount We receive from the sale or lease of the Property is less than what You owe under the Indebtedness You will have to pay Us the difference.

(e) You agree not to make any claims concerning the Property against anyone who buys it or leases it from Us, or anyone who buys or leases the Property after that time. If You do have any claims concerning the Property, You agree to make them only against Us and only for money damages.

(f) If We obtain a court judgement against You for Your failure to comply with any of Your obligations to Us under any of the Agreements or the Charge, the judgement will not result in a merger of the terms of the judgement with our other remedies or rights to enforce Your other obligations under the Charge. We will continue to be entitled to receive Interest on the Indebtedness in the manner established in the Agreement(s). The rate of interest payable on any judgement shall be calculated and payable in the same way as Interest is calculated under the Agreement(s) and at the same rate that interest is payable until the judgement has been paid in full.

(g) We may rescind or vary any contract of sale and may buy in and re-sell the Property or any part thereof without being answerable for any loss occasioned thereby;

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(h) No purchaser or lessee shall be bound to enquire into the legality, regularity or propriety of any sale or lease or be affected by notice of any irregularity or impropriety of any kind shall invalidate any sale or lease hereunder;

(i) We may sell or lease without entering into actual possession of the Property and when We desire to take possession We may break locks and bolts and while in possession We shall only be accountable for moneys received by Us;

(j) Subject to compliance with the *Planning Act*, R.S.O. 1990, Chapter P.13, as amended and supplemented from time to time, sales may be made from time to time of any part or parts of the Property to satisfy any portion of the principal or Interest or other Indebtedness owing to Us pursuant to or in respect of the Charge, leaving the principal or residue thereof secured with the Interest payable under the Charge on the remainder of the Property or We may take proceedings to sell and may sell the Property for part of any sums owing or in arrears subject to the balance of the said sums not yet due at the time of the said sale. You hereby appoint Us Your true and lawful attorney and agent to make application under the said *Planning Act* and to do all things and execute all documents to effectually complete any such sale or lease;

(k) We may lease or take sale proceedings notwithstanding that other mortgage proceedings have been taken or are then pending;

(l) The proceeds of any sale or lease hereunder shall be applied ***firstly*** in payment of any costs, charges including legal fees on a solicitor and his own client basis, expenses, commissions and fees which may be incurred in taking, recovering or keeping possession of the Property or in making sales, leases and conveyances as aforesaid or by reason of non-payment or procuring payment of any of the Indebtedness and ***secondly***, to pay and satisfy the Indebtedness which remains due and unsatisfied; and after full payment and satisfaction of the Indebtedness, ***the balance***, if any, of such proceeds shall be paid to You, Your successors and assigns, and/or any encumbrancers entitled thereto as their interests may appear;

(m) We shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by Our wilful and gross neglect or default; and

(n) No sale or other dealing by Us with the Property or any part thereof shall in any way change Your liability or in any way alter Our rights as against You or any other person liable for payment of any Indebtedness secured by the Charge.

18. **Right to Distrain.**

In default of payment of the Indebtedness, We may distrain for payment of same upon the Property or any part thereof and all chattels situated thereon and by distress warrant recover, by way of rent reserved from the Property, so much moneys as shall from time to time be or remain in arrears and all costs, charges and expenses incurred by or on Our behalf with respect to or in connection therewith as in like cases of distress for rent. You waive the right to claim exceptions and agrees that We shall not be limited in the amount for which it may distrain.

19. **Indebtedness Due on Sale of Property.**

If You sell or transfer the Property then, at our option, You will immediately pay to Us all the Indebtedness. If We do not require You to pay to Us the Indebtedness, Your obligations to Us under the Charge, and our rights against You or anyone else who is liable for the payment of the Indebtedness, are not affected.

20. **Condominium Provisions.**

If the Charge is of land within a condominium registered pursuant to the *Condominium Act* 1998, S.O. 1998. c.19 (the "**Condominium Act**") the following provisions shall apply:

(a) You will comply with the Condominium Act, and with the declaration, by-laws and rules of the condominium corporation (the "**Corporation**") relating to Your unit (the "**Unit**") and provide Us with proof of compliance from time to time as We may request.

(b) You will pay the common expenses for the unit to the Corporation on the due dates. If We decide to collect Your contribution towards the common expenses from You, You will pay the same to Us upon being so notified. We are authorized to accept a statement which appears to be issued by the Corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due.

(c) You, upon notice from Us, will forward to Us any notices, assessments, by-laws, rules and financial statements of the Corporation that You receive or are entitled to receive from the Corporation.

(d) You will maintain all improvements made to the unit and repair them after damage.

(e) In addition to the insurance which the Corporation must obtain, You shall insure the unit against destruction or damage by fire and other perils usually covered in "All Risk" insurance policies and against such other perils as We require for its full replacement cost (the maximum amount for which it can be insured). The insurance company and the terms of the policy shall be reasonably satisfactory to Us

(f) You irrevocably authorize Us to exercise Your rights under the Condominium Act to vote, consent and dissent, without notice to You.

21. **Releasing the Property from the Charge.**

(a) We may establish the terms for releasing our interest in all or part of the Property (that is, We may discharge, or partially discharge, the Property from the Charge) whether We receive value for our release or not. If We release part of the Property from the Charge at any time, the rest of the Property will continue to secure the Indebtedness.

(b) If the Property is subdivided before our interest in the Property comes to an end, the Charge will be secured by each part into which the Property is subdivided. This means that each part will secure repayment of the total amount of the Indebtedness You owe Us, even if We release another part of the Property from the Charge.

(c) We can release You, any guarantor, or any other person from performing any obligation contained in the Charge or any other security document without releasing any part of the Property secured by the Charge or any other security document. Any such release shall not release any other party from their obligations under the Charge or Agreements.

22. **Who is bound by the Charge.**

You agree to observe and be bound by all of the terms and obligations contained in the Charge. The Charge will also be binding on Your heirs, personal representatives and any person to whom the Property is transferred, and shall benefit Us and our successors and assigns. All persons who sign or who are otherwise bound by the Charge as chargors are jointly and severally bound to comply with all obligations under the Charge.

23. **Indemnifier.**

Each party named in the Charge as a Guarantor or Indemnifier hereby agrees with Us as follows:

(a) In consideration of Us advancing all or part of the Indebtedness to You, the Indemnifier does hereby absolutely and unconditionally agree with Us, as principal debtor and not as surety, to pay Us the Indebtedness as and when required by the Charge and the Agreements and to observe and perform all of Your other obligations under the Charge and the agreements and to further indemnify and save Us with respect to any default in the due and punctual payment of all Indebtedness and observance and performance of the covenants, agreements, terms and conditions contained in the Charge and Agreements by You, and the Indemnifier, for himself/herself and his/her successors, covenants with Us that, if You shall at any time make default in the due and punctual payment of any of the Indebtedness, the Indemnifier will pay all such moneys to Us without any demand being required to be made.

(b) The Indemnifier shall be primarily liable to Us and it is hereby further expressly declared that no release or releases of any portion or portions of the Property; no indulgence shown by Us in respect of any default by You or any successor thereof which may arise under the Charge; no extension or extensions granted by Us to You or any successor thereof for payment of the moneys hereby secured or for the doing, observing or performing of any covenant, agreement, term or condition herein contained to be done, observed or performed by You or any successor thereof, no variation in or departure from the provisions of the Charge; no release of You or any other thing whatsoever whereby the Indemnifier as surely only would or might have been released shall in any way modify, alter, vary or in any way prejudice Us or affect the liability of the Indemnifier in any way under this covenant, which shall continue and be binding on the Indemnifier, and as well after as before maturity of the Charge and both before and after default and judgement, until the said moneys are fully paid and satisfied.

(c) Any payment by the Indemnifier of any moneys under this Indemnity shall not in any event be taken to affect the liability of You for payment thereof but such liability shall remain unimpaired and enforceable by the Indemnifier against You and the Indemnifier shall, to the extent of any such payments made by him, in addition to all other remedies, be subrogated as against You to all the rights, privileges and powers to which We are entitled prior to payment by the Indemnifier; provided, nevertheless, that the Indemnifier shall not be entitled in any event to rank for payment against the Property in competition with Us and shall not, unless and until the whole of the principal, interest and other moneys owing on the security of the Charge shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to Us.

(d) All covenants, liabilities and obligations entered into or imposed hereunder upon the Indemnifier shall be equally binding upon his/her successors. Where more than one party is named as Indemnifier all such covenants, liabilities and obligations shall be joint and several.

(e) We may vary any agreement or arrangement with or release the Indemnifier, or any one or more of the Indemnifiers if more than one party is named as Indemnifier, and grant extensions of time or otherwise deal with the Indemnifier and his successors without any consent on the part of You or any other Indemnifier or any successor thereof.

24. **Membership.**

PROVIDED that upon You selling the Property or agreeing to sell the same whether the conveyance or agreement is registered or not, or in the event You at any time cease to be a member in good standing of the Ontario Civil Service Credit Union Limited, then in any such case the Indebtedness together with Interest to the date of payment and any applicable prepayment penalties shall immediately become due and payable without notice being given or any action being taken by Us and in default of payment We may exercise any of the remedies available hereunder to enforce payment including the powers of entering upon and leasing or selling the Property.

25. **Default in Prior Charges.**

If default is made by You in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage or charge to which the Charge is subject or any other permitted encumbrance, then the monies hereby secured shall at the option of Us, forthwith become due and be payable, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale herein contained may be exercised as herein provided.

26. **Ontario New Home Warranties Plan Act.**

If We incur any cost or expense of any nature or kind in any way arising from or relating to the *Ontario New Home Warranties Plan Act* above referred to and the Regulations thereunder (in this section, the **"New Home Act"**), including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under the New Home Act or enrolling the Property or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the debt hereby secured and be a charge on the Property in priority to all other encumbrances registered or arising subsequent to the Charge and shall bear Interest at the rate aforesaid, and shall be payable forthwith by You to Us.

27. **Payments.**

(a) Payments hereby secured shall be made to Us at the address designated in the Charge, or at such other place as We may designate in writing to You from time to time.

(b) Any payment of principal, Interest or principal and Interest combined made after 1:00 p.m. shall be deemed, for the purpose of calculation of Interest, to have been made and received on the next bank business day.

(c) Any payment to be made hereunder which is not made by You within the time limited for such payment hereunder shall be added to Indebtedness and shall be payable forthwith, with Interest, and in default, this Charge shall immediately become due and payable at the option of Us and all powers in this Charge conferred shall become exercisable.

(d) Any payment made by Us on account of realty taxes and insurance premiums, or otherwise, as provided in this Charge, shall be added to the Indebtedness and shall be payable forthwith with Interest, and in default, this Charge shall immediately become due and payable at the option of Us and all powers in this Charge conferred shall become exercisable.

28. **Urea Formaldehyde Foam Insulation, Asbestos and Pests.**

You warrant that the Property is not now and never has been insulated with or contains urea formaldehyde foam insulation and has not been constructed with, or upon lands containing, any toxic or noxious materials, including asbestos, that reduce or will reduce if known, the fair market value of the Property nor is the Property infested with pests such as termites or carpenter ants. You will not insulate or allow any buildings, erections, additions or improvements to be insulated with or contain Urea Formaldehyde Form Insulation or asbestos nor infested with pests. The Indebtedness will immediately become due and payable if at any time it is determined that any building, erection, addition or improvement subject to this Charge contains urea formaldehyde foam insulation, or has been constructed with or upon lands containing any toxic or noxious materials that reduce or will reduce if known, the fair market value of the Property or is infested with pests.

29. **Environmental.**

(a) You hereby represent, warrant and covenant that:

(i) neither You, nor, to the best of your knowledge any other person ever caused or permitted any Hazardous Substance (defined herein) to be placed, held, located or disposed of on, under or at any Property to the extent that such would be in violation of any Environmental Laws;

(ii) that all businesses and assets at the Property are and will be operated in compliance with Environmental Laws (including, without limitation laws respecting the disposal, release or emission of any Hazardous Substance);

(iii) no enforcement actions in respect of Environmental Laws are threatened or pending. You permit Us to conduct inspections and appraisals of all or any of its records, business and assets at any time and from time to time to ensure such compliance;

(iv) there are no underground or above ground storage tanks at the Property nor will there be in the future, except as we have consented to in writing. If there are permitted storage tanks, they will be registered installed, maintained and repaired in accordance with all applicable laws including Environmental Laws;

(v) to the best of Your knowledge (after due and diligent inquiry), no condition exists as to any real property contiguous to or in close proximity with the Property which would require a qualification to any of the above representations or warranties if such condition applied to the Property;

(vi) except for substances necessary to the carrying on of the normal business at the Property, no Hazardous Substances shall be brought onto or used on or in any part of the Property without the prior written consent of Us and any Hazardous Substance brought onto or into any part of the Property or used by the person on or in any part of the Property shall be transported, used, stored and disposed of only in accordance with all Environmental Laws, other lawful requirements, prudent industrial standards (including without limitation any published environmental standards of any applicable industry association) and any requirements of applicable insurance policies;

(vii) You have created, properly organized and maintained all documentation and records concerning environmental matters as required by any Environmental Laws and will maintain such documentation and records at all times in future as aforesaid;

(viii) You have provided to Us any environmental assessment and related documentation concerning any of the Property in its possession or control and shall promptly provide to Us any such material as We may obtain in future.

(b) You shall promptly notify Us if You:

(i) receive notice from any governmental authority of any violation or potential violation of any Environmental Laws, including the Release of a Hazardous Substance, which may have occurred or been committed or is about to occur or be committed;

(ii) receive notice that any administrative or judicial compliant or Environmental Order has been issued or filed or is about to be issued or filed against any of the occupants or You, alleging violations of any Environmental Laws or Environmental Orders or requiring the taking of any action in connection with any Hazardous Substance;

(iii) learns of the enactment of any Environmental Laws or the issuance of any Environmental Orders which may have a material adverse effect on the Property or the operations or the condition, financial or otherwise, of any of the occupants or You;

(iv) knows of or suspects that any Hazardous Substance (other than a substance necessary to the carrying on of the normal business at the Property that is handled, stored, used and disposed of in accordance with Environmental Laws) has been brought onto any part of the Property or that there is any actual, threatened or potential Release of any Hazardous Substance (whether or not a substance necessary to the carrying on of the normal business at the Property) on, from, in or under any of the Property.

(c) You hereby grant to Us and our employees and agents an irrevocable and non-exclusive licence, subject to the rights of the occupants of the Property, to enter any of the Property to conduct testing and monitoring with respect to the Hazardous Substances and to remove and analyze any Hazardous Substance at the cost and expense of You (which cost and expense shall be secured by this Charge).

(d) You hereby indemnify Us, Our officers, directors, employees, agents and Our shareholders and agrees to hold each of them harmless from and against:

(i) any and all losses, liabilities, damages, costs, expenses and claims of any and every kind whatsoever (including without limitation, the costs of defending and/or counterclaiming or claiming over against third parties in respect of any action or matter);

(ii) any cost, liability or damage arising out of a settlement of any action entered into by Us (which may be done without the consent of You) which at any time or from time to time may be paid, incurred or asserted against, any of them for, with respect to, or as a direct or indirect result of, the presence on or under, or the Release from, any property or into or upon any land, the atmosphere, or any watercourse, body of water or wetland, of any Hazardous Substances including without limitation the clean-up, decommissioning, restoration and remediation of the Property and other affected lands or property.

(e) The provisions of and undertakings and indemnification set out in this section shall survive the satisfaction and release of the security for, and payment and satisfaction of the Indebtedness and liability of You to Us pursuant to this Charge. You shall be entitled to defend any such potential loss, provided that We, if We reasonably determine that Our security is or could be materially impaired, may also defend against such loss and may recover any costs or expenses related thereto in accordance with this section.

(f) The following terms have the following meanings:

"Environmental Laws" means all applicable federal, provincial, regional, state, municipal or local laws, common law, statues, regulations, ordinances, codes, rules, guidelines, requirements, certificates of approval, licences or permits relating to Hazardous Substances or the use, consumption, handling, transportation, storage or Release thereof including without limitation (and in addition to any such laws relating to the environment generally) any such laws relating to public health, occupational health and safety, product liability or transportation;

"Environmental Order" means any prosecution, order, decision, notice, direction, report, recommendation or request issued, rendered or made by any governmental authority in connection with Environmental Laws or Environmental Orders;

"Release" includes abandon, add, deposit, discharge, disperse, dispose, dump, emit, empty, escape, leach, leak, migrate, pour, pump, release, seepage or spill;

"Hazardous Substance" means any substance, combination of substances or by-product of any substance which is or may become hazardous, toxic, injurious or dangerous to any person, property, air, land, water, flora, fauna or wildlife; and includes but is not limited to contaminants, pollutants, wastes and dangerous, toxic, deleterious or designated substances as defined in or pursuant to any Environmental Laws or Environmental Orders.

30. **Change in Spousal Status.**

Upon any change or happening affecting any of the following, namely:

(i) Your spousal status,

(ii) the qualification of the Property as a matrimonial home within the meaning of Part II of the *Family Law Act*, R.S.O. 1990, Chapter F.3, as amended, or

(iii) the ownership of the Property,

You will forthwith advise Us accordingly and furnish Us with full particulars thereof, the intention being that We shall be kept fully informed of the names and addresses of the owner or owners for the time being of the and of any spouse who is not an owner but who has a right of possession in the Property by virtue of Section 19 of the said *Family Law Act*. In furtherance of such intention, You shall furnish Us with such evidence in connection with any of subparagraphs (i), (ii) and (iii) of this provision as We may from time to time request.

31. **Amendments.**

We may from time to time enter into one or more written agreements with You (or with anyone to whom the Property is transferred) to amend the Agreements or the Charge. It will not be necessary to register the agreement on title in order to retain priority for the Charge, as amended, over any instrument registered after the Charge for the full amount of the Indebtedness. Any reference in this set of Standard Charge Terms to the Charge means the Charge as amended by any such agreement.

32. **Effect on other agreements, obligations and security.**

The Charge does not change or release You from any of Your other obligations under the Agreements with Us. Also, the Charge does not affect any other security We hold for the repayment of the Indebtedness, or any other rights We may have to enforce repayment of the Indebtedness. Any judgment or recovery under the Charge or under any other security held by Us for the Indebtedness secured by the Charge shall not affect Our right to realize upon the Charge or any other such security.

33. **Giving Notice.**

Any written notice under this Charge or the Agreements may be given to You and shall be considered to have been received by You when We send it to the last address of which We have received written notice from You. Written notice to any one of You shall be considered to be notice to both of You. Written notice shall be considered to have been received by Us when it is received at the address of the branch indicated on the Charge document or any other branch as We may notify You in writing.

34. **Discharge of Charge.**

When our interest in the Property comes to an end, We will prepare for You a full discharge of our claim (which is called a Discharge of Charge/Charge). You will give Us a reasonable time in which to prepare and sign the discharge and You will pay our usual administrative fee for preparing, reviewing or signing the document and all legal and other expenses We incur in so doing. You will be responsible for registering and for the costs of registering any discharge.

35. **Headings.**

The headings in the body of the Charge form no part of the Charge. They are inserted for convenience only. You agree that all of the provisions stated in this set of Standard Charge Terms form a part of the Charge.

36. **Statutory covenants excluded.**

The covenants set out in Section 7(1) and the provisions relating to the defeasance set out in Section 6(2) of the *Land Registration Reform Act* are excluded from the Charge.

37. **Governing Law.**

These Standard Charge Terms and any Charge in which they are included in whole or in part shall be governed by the laws of Ontario and the Laws of Canada applicable thereto.

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38. Severability of any Invalid Provisions.

It is agreed that in the event that at any time any provision of these presents is illegal or invalid under or inconsistent with the provisions of any applicable statute or regulation thereunder or would by reason of the provisions of any such statute or regulation render Us unable to collect the amount of any loss sustained by it as a result of making the above recited loan which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render Us unable to collect the amount of any such loss.

39. Interpretation.

(a) Words in the singular include the plural, any words in the plural include the singular, and words importing the masculine gender include the feminine and neuter genders where the context so requires.

(b) All covenants, liabilities and obligations entered into or imposed hereunder upon You shall be equally binding upon Your respective heirs, estate trustees, permitted successors and permitted assigns and that all such covenants, liabilities and obligations shall be joint and several, and that all rights, advantages, privileges, immunities, powers and things hereby secured to Us shall be equally secured to and exercisable by and shall enure for the benefit of Our heirs, estate trustees, successors and assigns.

(c) This Charge shall be governed by the laws of Ontario and the laws of Canada applicable therein.

40. Implied Covenants Excluded.

In accordance with subsection 7(3) of the *Mortgage Act*, the covenants deemed to be included in a Charge/Mortgage of Land of subsection 7(1) of the Act are expressly excluded from every charge in which this set of Standard Charge Terms is referred to by its filing number.

41. Further Assurances.

You and each and every person having or claiming to have an estate, right, title, interest or trust of, in or to the Charged land shall, at any time and from time to time, make, execute and deliver or cause to be made, executed and delivered to Us such further and other reasonable acts, deeds, conveyances and assurances as may be required to fully and effectually carry out the true intention and meaning of the Charge and the terms, conditions, provisions, stipulations and agreements contained or included in the Charge and the reasonable cost of such further assurances shall be added to the Indebtedness and secured by the Charge.

42. Compliance with Laws and Inspection.

You shall comply with all laws, by-laws and regulations affecting the Property of every governmental authority and agency having jurisdiction and at Your own expense, shall promptly and in a good and workmanlike manner make all improvements, alterations and repairs and effect any change in use that may be required from time to time to effect such compliance. Without limiting the foregoing, We (including, in this section, the Canada Mortgage and Housing Corporation if this is a CMHC-insured Charge) or Our agent thereof may from time to time, enter upon the Property and inspect the same and the Improvements on it when We consider it appropriate and make such repairs as We deem necessary. We may do this for any purpose including but not limited to conducting physical and/or environmental testing, site assessments, investigations or studies which We consider necessary. All costs incurred by Us for such inspections and/or repairs will be payable by You and You will pay Us the costs immediately after We give You notice of them. If You do not pay Us when We request it, We can add the amounts to the Indebtedness under Your Charge and these amounts will bear Interest at the interest rate provided for in the Agreements and be secured by the Charge on the Property. If We do the things permitted under this section, We will not be considered to be in possession or control of the Property.

43. **Compound Interest.**

It is agreed that in case default shall be made in payment of any sum to become due for Interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrears for Interest from time to time, as well after as before maturity, shall bear Interest at the rate aforesaid, and in case the Interest and compound interest are not paid on the next interest payment date after the date of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such Interest and compound interest shall be a charge upon the Property secured by the Charge.

Dated at Toronto this 28 day of December, 2005.

ONTARIO CIVIL SERVICE
CREDIT UNION LIMITED

Per: ______________________
Name: J. A. Mahoney
Title: President

Per: ______________________
Name: P. K. Leak
Title: Vice President
I/We have the authority to bind the Corporation

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Filing No. 200607 Cote
Filing Date February 7th/06 Date de Dépôt
Page 1 of/de 13 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

Filing No.

filed by – Merix Financial Inc.

STANDARD CHARGE TERMS

These STANDARD CHARGE TERMS shall be deemed to be included in every Charge/Mortgage which refers to them by their filing number, as provided in section 9 of the above Act.

STANDARD CHARGE TERMS
STANDARD MORTGAGE TERMS

1. DEFINITIONS

In this set of standard charge terms, **mortgage** means the Charge/Mortgage in form prescribed by statute or regulation that you sign or that you authorize in electronic format in which this set is referred to by its filing number, any schedules attached to it and this set of standard charge terms/standard mortgage terms. **Registered mortgage** means such document as registered in the applicable land registry or land titles office. **You** and **your** mean each person who signs the mortgage as **chargor or mortgagor**. **We, our** and **us** mean Computershare Trust Company or other person named as **chargee or mortgagee** in the registered mortgage. **Your property** means the land described in the registered mortgage, all buildings now or later on it and anything now or later attached or fixed to the buildings or the land, including additions, alterations and improvements. **Principal amount** means the amount specified in the registered mortgage. **Loan amount** means the outstanding balance of all amounts (including interest and costs, if any) owing to us from time to time under the mortgage, as amended from time to time. Any reference to signing any document includes an electronic signature.

Any reference in this set of terms to information in the registered mortgage refers to a box or to an applicable part of the registered mortgage (including anything set out in a schedule or addenda thereto which deals with the subject matter of that box or part) and any reference to signing the mortgage means signing the registered document or a schedule to it or the authorization for electronic signing and registration of the mortgage. References to paragraphs refer to paragraphs of this set of standard charge terms.

If this mortgage is a CMHC-insured mortgage, it is made pursuant to the **National Housing Act.**

2. WHAT THE MORTGAGE DOES

In return for our making a loan to you in the principal amount (which, by signing the mortgage, you acknowledge having received from us), you:

i. If you are the owner of your property, charge your property to us and our successors and assigns (called our **legal representatives**);
   or
ii. If you are a tenant of your property under a lease, charge your interest in your property (including any option to purchase) to us and our legal representatives, for the entire term of the lease (except the last day of the term);

as security for repayment of the loan amount and the performance of all of your other obligations under the mortgage. This means you charge your entire interest in your property to us and to anyone to whom the mortgage is transferred in any way.

Termination of the mortgage:

Our interest in the property terminates when you have:

- Repaid the loan amount (including interest) as provided in the mortgage; and
- Complied with all of your other obligations under the mortgage.

3. INTEREST

A. Fixed Interest Rate (applicable to Fixed Interest Rate Mortgages only)

The interest rate payable by you on the loan amount is specified in the registered mortgage. Interest is payable at the frequency set out in the registered mortgage and calculated half-yearly not in advance. The first half-yearly calculation of interest after the interest adjustment date specified in the registered mortgage shall be for the six month period commencing on that date. That calculation shall be made six months after the interest adjustment date and half-yearly calculations of interest shall continue to be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date as well as both before and after default and judgment, until the loan amount has been paid in full.

B. Adjustable Interest Rate (applicable to Adjustable Rate Mortgages only)

The interest rate payable by you on the loan amount is specified in the registered mortgage and is an adjustable rate per annum equal to the Prime Rate plus or minus the amount stated in the mortgage. The interest rate will change automatically each time there is a change in the Prime Rate. The principal and interest payment will be recalculated every time the Prime Rate changes, based on the new interest rate and remaining amortization. Within a reasonable time after a change in the interest rate, we may mail to you, at your last known mailing address according to our records, a notice of the changed interest rate, its effective date, and the applicable change to the payment amount. The interest rate and payment amount will vary in accordance with this paragraph even if we fail to send this notice or you fail to receive it.

The interest rate on the mortgage is calculated monthly not in advance and payable at the frequency set out in the registered mortgage.

For the purposes of this paragraph 3, the term "Prime Rate" means on any day, the annual rate of interest which the Royal Bank of Canada establishes at its principal office in Toronto as the reference rate of interest to determine interest rates it will charge on such day for commercial loans in Canadian dollars made to its customers in Canada and which it refers to as its"prime rate of interest".

C. Compound Interest

If on any regular mortgage payment date you do not make the payment due on that day, we will charge you interest on any overdue portion of the loan amount (including interest) until paid to us. This is called **compound**

interest. Compound interest shall be paid on your loan payment dates. We will also charge interest, at the rate payable on the loan amount, on compound interest that is overdue until paid to us, both before and after the final payment date as well as both before and after default and judgment.

D. Progress Advance Construction Mortgage

An improvement means any alteration, addition or repair to any building on your property or any construction, erection or installation on your property. If the purpose of the mortgage is to finance an improvement via progress advances, the accrued interest on progress advances is calculated daily and payable monthly during the construction period, until the interest adjustment date specified in the registered mortgage. The interest rate charged during the construction period is specified in the additional provisions section of the registered mortgage. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. No additional progress advances will be made until any outstanding overdue interest is paid. Interest that has accrued but not yet been paid as of the interest adjustment date, will be deducted from the last substantial advance. Refer to section 19 for more information regarding Progress Advance Construction Mortgages.

4. HOW YOU WILL REPAY YOUR LOAN

A. Currency and Method of Payment

You shall pay the loan amount to us in Canadian dollars. Your regular mortgage payments and all other payments will be withdrawn from the Bank account provided to us by you.

B. When you will make payments

The principal amount, together with interest calculated from the interest adjustment date, shall become due and be paid by you in regular mortgage payments. If the interest rate is a fixed rate, you will make your regular mortgage payments to us in equal installments in the amount specified in the registered mortgage. If the interest rate in the mortgage is an adjustable interest rate, you will make regular mortgage payments to us in the amount specified in the registered mortgage until the interest rate is adjusted and thereafter in the payment amount as varied from time to time as provided in paragraph 3B. Regular mortgage payments begin on the date specified, continue at the frequency specified and end on the date specified in the registered mortgage. Each date that you are required to make a regular mortgage payment is called a **Regular Mortgage Payment Date**. Each regular mortgage payment consists of a portion of the principal amount together with the interest due and payable on the regular mortgage payment date. You will pay the balance of the principal amount, together with all interest due and payable on it, on the balance due date specified in the registered mortgage.

C. Application of Mortgage Payments

Each regular mortgage payment will be used: **first**, to pay interest due and payable and **next**, to reduce the principal amount. However, if you are in default, we may apply your payment or any other money we receive from you, as we choose.

5. PAYING OFF A MORTGAGE BEFORE THE MATURITY DATE

You may pay off some, or the entire mortgage early in the ways described below, provided you are not in default in payment or otherwise under the mortgage.

If we later agree to change or extend the terms of the mortgage, these prepayment provisions will not apply to the new or extended term.

For these prepayment privileges, a year means the 12 month period starting on the interest adjustment date and on each anniversary of the interest adjustment.

A. Partial Prepayment

You may increase your payments, or pay off some of your mortgage early in the ways listed in the chart below. These options apply to partial prepayments only. The options are available each year of the term of the mortgage and cannot be saved to use in a later year.

PARTIAL PREPAYMENT OPTIONS	
Options	**Restrictions**
1) Prepay up to 20% of the Principal Amount.	At any time. The minimum prepayable amount is $1000 and cannot exceed the yearly maximum.
2) Increase the regular payment up to 20% of the principal and interest payment amount set out in the registered mortgage.	Once each year of the term of your mortgage.

B. Prepayment in Full

You may prepay the mortgage in full only upon the closing of a sale of your property to a bona fide arms length purchaser and

(i) *Fixed Interest Rate Mortgages*

if you have a fixed interest rate on your mortgage, payment of a prepayment charge equal to the GREATER of the interest rate differential (IRD) or 3 months interest calculated on the outstanding loan amount. The IRD is based on the difference between the interest rate on the mortgage and the then current interest rate for a mortgage then offered by us for a term closest to the term remaining on the mortgage as determined by us; or

(ii) *Adjustable Interest Rate Mortgages*

a) if you have an adjustable rate on your mortgage, payment of a prepayment charge equal to 3 months interest calculated on the outstanding loan amount.

If the mortgage is for a term of 6 years or more, you may prepay in full during the first five years of the term only upon the closing of a sale of your property to a bona fide armslength purchaser and payment of the prepayment charge calculated as set out in the applicable part of B(i) or (ii) above and in year 6 or more of the term, you may prepay in full at any time upon payment of a prepayment charge of 3 months interest on the outstanding loan amount.

C. Portable Mortgage

As long as we agree in writing, you may transfer your existing loan amount to a new home or you may combine your existing loan amount with additional funds and, depending on the remaining term of the existing mortgage, obtain an extended term. The interest rate on the replacement mortgage will be a blend of the rate you were paying on the funds transferred from your existing mortgage and the rate applicable to the term of the replacement mortgage and/or additional amount, as determined by us.

D. Match a Payment and Miss a Payment Option

You may match any regular payment on a regular mortgage payment date as long as the mortgage is not in default. Match a Payment means you have prepaid an amount equal to your regular mortgage payment and is subject to the yearly maximum partial prepayment amount. You may miss any regular payment as long as you have already matched a payment earlier in the term and your mortgage is not in default. Previous matched payments may not be used to miss a payment if this mortgage is assumed by a subsequent purchaser.

E. Convertibility

Provided you are not in default under the Mortgage, you may convert without payment of any prepayment charge as follows:

(a) If the mortgage is a six-month closed mortgage you may request us to extend the term and fix the interest rate for the mortgage for a term which is 1-year or greater at our interest rate then in effect for mortgages for the term which you select; or
(b) If the mortgage is an Adjustable Rate Mortgage you may request us to fix the interest rate for the mortgage for a term at our interest rate then in effect for mortgages for a term which ends after the balance due date of the mortgage.

In each case you must give us your request to convert at least ten days before the next regular payment date and must sign our conversion extension agreement. The amortization period of the mortgage may not be changed on a conversion.

F. Cash Back

If you received a cash back amount or other incentive from us on the making of the mortgage or the renewal of the mortgage by way of a cash payment, an allowance, a gift certificate or voucher or a discount on the interest rate calculated over the term of the mortgage or term of the renewal, you must on a prepayment in full, an early renewal or a conversion of the mortgage pay back to us in addition to any prepayment charge, a proportionate part of such cash back amount. The proportionate part is calculated by division of your cash back amount by the number of months in the term times the number of months remaining in the term (including the month in which the prepayment, early renewal or conversion is made).

G. Continuing Liability

After each partial payment, you must continue to make your regular mortgage payments.

6. YOUR TITLE TO YOUR PROPERTY

A. As Owner of Your Property, you certify that:

- i. You are the lawful owner of your property;
- ii. You have the right to give us the mortgage;
- iii. There are no encumbrances on the title to your property; and
- iv. There are no limitations or restrictions on your title to your property except building by-laws, zoning regulations and registered restrictions.

This paragraph A applies unless you have advised us and we have accepted in writing that you are a tenant of your property under a lease, in which case paragraph B applies.

B. If you Are a Tenant of Your Property

- i. You certify that:
  - a. The property is leased to you and your legal or personal representatives under a lease, a copy of which you have provided to us;
  - b. The lease is a binding and existing lease and all information you have provided to us concerning it is true;
  - c. All rents payable under the lease have been paid to the date you sign the mortgage;
  - d. You have permission or the right to assign and mortgage or charge the lease; and
  - e. Except as expressed in the lease, there are no limitations, restrictions or encumbrances on your interest under the lease other than building by-laws, zoning regulations and registered restrictions.
- ii. You promise:
  - a. To pay the rent as it falls due;
  - b. To comply with all of the other terms of the lease and not to do anything that would cause the lease to be terminated;
  - c. Not to surrender the lease;
  - d. Not to make any change in the lease without first obtaining our written consent;
  - e. To give us a true copy of any notice or request you receive concerning the lease; and
  - f. To notify us immediately if your landlord advises you of early termination or takes any steps to effect early termination of the lease.

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iii. You hold the last day of the term of the lease for us and grant us the power to transfer or otherwise deal with such last day together with the lease.

C. You will not do anything that will interfere with our interest in your property.

D. In order to ensure that your entire interest in your property is charged to us you will sign any other documents or do anything further that we think is necessary.

7. RESTRICTIONS ON USE AND SALE OF YOUR PROPERTY

A. You will not make any additions, alterations or improvements to your property or use your property for any business purposes without our prior written consent. You may not use your property for any illegal purposes.

B. You will occupy the property as your and your family's principal residence and will only rent to others all or any part of your property in accordance with our prior written authorization. If we have authorized the rental of all or part of your property, you will do so for residential purposes only in a prudent businesslike manner at fair rents and in compliance with all applicable tenancy laws and regulations.

C. You will not sell or otherwise dispose of your property without our prior written approval.

D. You will not make another mortgage on your property and not use it as security for any other debt without our prior written approval.

8. WE ARE UNDER NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance the entire principal amount or any part of it to you then we do not have to do so, even though the mortgage is prepared, signed or registered, and whether or not any part of the principal amount has already been advanced. However, by signing the mortgage you charge all of your interest in your property to us. You will reimburse us, on demand, for all our expenses of investigating the title to your property and preparing and registering the mortgage.

9. TAXES

You will ensure property taxes are always paid on time to the respective municipality. At our option, we may decide to collect property taxes from you which we will then remit to the municipality. If we decide to collect property taxes from you, the following terms are applicable:

A. You will make **regular tax payments** to us on account of property taxes on each regular mortgage payment date. The amount of each regular tax payment will be based on our estimate of a year's taxes on your property next becoming due and payable and may change from time to time to reflect changes in the annual taxes on your property. The regular tax payments should enable us to pay all property taxes on or before their annual due date. Or, if your property taxes are payable in installments, the regular payments should enable us to pay the full year's installments of property taxes on or before the date on which the first installment is due.

B. If, however, the annual due date or the first installment date for the payment of your property taxes is less than one year from the interest adjustment date, you will pay us equal regular tax payments during that period and during the next 12 months. These equal tax payments will be based on our estimate of the total taxes payable for both periods so that we will receive enough money from you to pay all taxes for both of those periods.

C. You will also pay us, on demand, any amount by which the actual taxes on your property exceed our estimate of your taxes. Or, at our option, we may increase the regular payment to cover this amount.

D. We will pay your taxes from the regular payment we receive from you as long as you are not in default under the mortgage. We are not obliged to make tax payments on the dates they are due or more often than once a year. If you have not paid us enough for taxes, we may still pay the taxes. This will create a debit balance in your tax account. Any debit balance is immediately payable by you. We are under no obligation to advise you that a debit balance has been created. Debit balances are charged interest at the interest rate under the mortgage.

E. We will not pay you interest on any credit balance in your tax account.

F. If you fail to pay us any amount when it is due, we may apply the money in your tax account towards payment of such amount.

G. We can deduct from the total final advance of the principal amount enough money to pay all taxes due on or before the interest adjustment date and which have not been paid on the date the final advance is made.

H. You will immediately send us all assessment notices, tax bills or tax notices which you receive.

10. PAYMENTS WE CAN MAKE

We can pay off any liens, claims or encumbrances against your property which we consider to have priority over the mortgage. We can also pay all our expenses of collecting any payments not received from you when due. These expenses will include all our legal expenses on a solicitor and own client basis. You must immediately reimburse us for any amount so paid.

If we pay off any liens, claims or encumbrances against your property, we will be entitled to all the rights, equities and securities of the person, company, corporation or Government so paid off. We are authorized to retain any discharge which may be given for six months or more, if we consider it advisable to do so.

11. TRANSFER OF LEASES AND RENTS

A. If you have leased or, at a later date, lease all or part of your property to another person or persons, then you transfer and assign to us:

- i. All leases, lease agreements and their renewals;
- ii. All rents and other money payable under the terms of all leases and agreements. However, we may allow you to receive the rents so long as there is no default by you in making your payments to us or in complying with your other obligations to us under the mortgage; and
- iii. All rights under the leases and agreements as they affect your property.

B. In addition, you confirm that:

- i. You must obtain our prior written consent for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease);
- ii. Nothing we do under this paragraph 11 shall put us in possession of your property;
- iii. However, if you default under the mortgage, we have the right to take possession of your property; and
- iv. We are not obliged to collect any rent or other income from your property nor to comply with any term of any lease or agreement.

12. INSURANCE

You will without delay insure, and keep insured, in our favour and until the mortgage is discharged, all buildings covered by the mortgage (including those which will be built in the future both during construction and afterwards) against loss or damage by fire and other perils usually covered in fire insurance policies and against any other perils we request. Such insurance must be provided by a company approved by us for the replacement cost of the buildings (the maximum amount for which the buildings can be insured) in Canadian dollars. Your policy must be in form satisfactory to us and must include extended perils coverage and a mortgage clause stating that loss is payable to us. You shall, at our request, transfer to us all insurance policies and receipts you have on the buildings and any proceeds from that insurance.

If you do not:

- Maintain insurance on the buildings that, in our opinion, complies with this paragraph;
- Deliver a copy of any insurance policy or receipt to us at our request; or
- Provide us with evidence, at our request, of any renewal or replacement of the insurance, at least fifteen full days before your insurance expires or is terminated,

we can, but are not obliged to, insure any of the buildings. What we pay for this insurance shall be added to the amount you owe under this mortgage and shall bear interest at the mortgage interest rate. You will pay this amount with your next monthly payment. If any loss or damage occurs, you will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. The production of this mortgage will be sufficient authority for an insurance company to pay us any loss related to the insurance policy or to accept instructions from us dealing with the loss.

Insurance proceeds may, in whole or in part, at our option, be:

- a) Applied to rebuild or repair the damaged buildings;
- b) Paid to you;
- c) Paid to any other person who owns or did own the property, as established by the registered title; or
- d) Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

This paragraph 12 does not apply (and paragraph 22E does apply) if your property is a condominium unit.

13. KEEPING YOUR PROPERTY IN GOOD CONDITION

You shall keep your property in good condition and make any repairs needed. You shall not do anything, or let anyone else do anything, that lowers the value of your property. We can inspect your property at any reasonable time. If, in our opinion, you:

- Do not keep your property in good condition; or
- Do or allow anything to be done that lowers the value of your property;

we can make any repairs or do any other thing we think are advisable. The costs of any inspections and any repairs or actions we make are immediately payable by you.

14. ENVIRONMENTAL PROVISIONS

We (including, in this section, the Canada Mortgage and Housing Corporation if this is a CMHC-insured mortgage) may inspect your property and the buildings on it when we consider it appropriate. We may do this for any purpose but particularly to conduct environmental testing, site assessments, investigations or studies which we consider necessary. The costs of any testing, assessment or study will be payable by you and you will pay us the costs immediately after we give you notice of them. If you do not pay us when we request it, we can add the amounts to the outstanding balance under your mortgage and they will bear interest at your mortgage interest rate. If we do the things permitted under this section, we will not be considered to be in control of your property.

15. REPAYMENT OF LOAN AMOUNT ACCELERATED

The loan amount will become payable immediately, at our option, if:

- a) You default in making any regular mortgage payment, or any other payment you are obliged to make to us under the mortgage.
- b) You fail to comply with any of your other obligations under the mortgage.
- c) Any lien is registered against your property or we receive written notice of any lien that is created as a result of unpaid property taxes, utilities, unpaid condominium maintenance fees, judgements or construction liens or other similar encumbrances.
- d) Your property is abandoned.

e) Any buildings being erected or additions, alterations or improvements done on your property remain unfinished without work being done on them for 15 consecutive days.
f) Your property is used for any illegal purposes.
g) You sell or otherwise dispose of your property or mortgage your property to a person not approved in writing by us.

If the loan amount so declared due and payable is paid prior to the balance due date, you agree to compensate us by payment of a prepayment charge equal to three months interest at the interest rate of the mortgage. Where default continues to or is made after the balance due date, the outstanding amount may only be paid upon payment of three months interest on the loan amount or three months written notice in lieu thereof. You further agree that we may recover such prepayment charge from the proceeds of any sale of your property or other proceedings for enforcement of the mortgage.

16. APPOINTING A RECEIVER TO RECEIVE INCOME

If you default in making any regular monthly loan payment or any other payment which you have agreed to make to us, or in complying with any of your other obligations under the mortgage, we can, in writing, appoint a receiver (which includes a receiver and manager) to collect any income from your property. We can also, in writing, appoint a new receiver in place of any receiver appointed by us. The receiver is considered to be your agent and not ours and his defaults are considered to be solely your defaults.

The receiver has the right to:

- Use any available remedy (taken in your name or our name) to collect the income from your property;
- Take possession of your property or part of it; and
- Manage your property and maintain it in good condition.

From the income collected the receiver may:

a) Retain a commission of 5% of the total money received or any higher rate permitted by a judge or other authorized officer.
b) Retain enough money to pay disbursements spent on collecting the income.
c) Pay all taxes, fire insurance premiums, expenses of keeping your property in good condition, interest on those payments and all other charges that have priority over the mortgage and interest on those charges.
d) Pay us all interest that is due and payable under the mortgage and then pay us all or part of any other amount payable under the mortgage, whether it is due or not.

Nothing done by the receiver puts us in possession of your property or makes us accountable for any money except for money actually received by us.

17. ENFORCING OUR RIGHTS

A. Remedies on Default

If you default in making any regular monthly loan payment or any other payment that you are obliged to make to us or in performing any other obligation under the mortgage or you become bankrupt or you abandon or leave the property unoccupied, we may do any one or more of the following in any order:

i. Sue you — We may take such action as is necessary to obtain payment of all or any part of the loan amount.
ii. Foreclose — We may commence court proceedings to foreclose your right, title and equity of redemption to all or part of your property. If we obtain a final order of foreclosure, your property will by law become our property.
iii. Court sale -- We may also ask the court to order the sale of your property. If the court makes such an order, it will supervise the sale proceedings. The net proceeds of the sale will be applied to reduce the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
iv. Power of sale — If default has continued for 15 days, we can on 35 days' notice to you:
    a. Sell all or part of your property (for cash or on credit, or partly for cash and partly on credit) by private sale or public auction for the price and on whatever terms we can negotiate;
    b. Lease it on such terms and for whatever period we may decide upon.

    Notice shall be given to you and to such other persons in the manner and as required by law at the time it is given.

    We may apply the net proceeds of the sale or lease to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale or lease of your property is less than the loan amount, you must pay us the difference.
v. Possession -- We can enter on your property at any time, without the permission of any person, and make all arrangements that we consider advisable to:
    - Inspect, lease, collect rents or manage your property;
    - Repair or put in order any building on your property;
    - Complete the construction of any building on your property.

    We can also take whatever action is necessary to recover and keep possession of your property. If we take possession, we are not responsible for preserving your property and will account only for any money we actually receive from the property.
vi. Other action – we can take any other remedy available to us under applicable law.

B. You will not interfere — You will not interfere with our possession of your property (if we go into possession of your property in enforcing our above rights) or with the possession of any receiver we appoint nor with the possession of anyone to whom your property is sold or leased by us or any receiver. You agree not to make any claim concerning the sale or lease of your property against anyone who buys or leases it from us or any receiver, or anyone who buys or leases it after that time.

C. Our expenses — You will immediately pay all our expenses of enforcing our rights. Our expenses include our costs of taking or keeping possession or your property, an allowance for the time and services of our employees and of the company servicing the mortgage who are utilized in so doing, our legal fees and disbursements on a full indemnification basis and all other costs related to protecting our interest under the mortgage.

D. Judgements — If we obtain a court judgement against you for your failure to comply with any of your obligations to us under the mortgage, the judgement will not result in a merger of the terms of the judgement with our other remedies or rights to enforce your other obligations under the mortgage. We will continue to be entitled to receive interest on the loan amount at the rate payable on the loan amount and at the same times as provided for in the mortgage. The rate of interest payable on any judgment shall be calculated and payable in the same way as interest is calculated under the mortgage and at the same rate that interest is payable on the loan amount until the judgment has been paid in full.

18. DELAY IN ENFORCEMENT OF OUR RIGHTS

No delay or extension of time granted by us to you or any other person in exercising the enforcement of any of our rights under the mortgage nor any agreement referred to in paragraph 21 shall affect our rights to:

a. Receive all payments you are obliged to make to us, when they are due and payable.
b. Demand that you repay the loan amount and all interest which is due and payable, on any default by you.
c. Have you comply with all of your obligations to us under the mortgage.
d. Have any other person comply with the obligations that person has to us under the mortgage.

19. PROGRESS ADVANCE CONSTRUCTION MORTGAGE TERMS

An improvement means any alteration, addition or repair to any building on your property or any construction, erection or installation on your property. If the purpose of the mortgage is to finance an improvement via progress advances, you must so inform us in writing immediately and before any advances are made under the mortgage. You must also provide us immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. You agree that any improvement shall be made only according to contracts, plans and specifications approved in writing by us in advance. You must complete all such buildings or improvements as quickly as possible and provide us with proof of payment of all contracts from time to time as we require. We will make advances (part payments of the principal amount) to you based on the progress of the improvement, until either completion and occupation or sale of your property. We will determine whether or not any advances will be made and when they will be made. Whatever the purpose of the mortgage may be, we may in our sole and absolute discretion hold back funds from advances until we are satisfied that you have complied with the holdback provisions of the Construction Lien Act as amended or re-enacted. You authorize us to provide information about the mortgage to any person claiming a construction lien on your property.

20. RELEASING YOUR PROPERTY FROM THE MORTGAGE

We may establish the terms for releasing our interest in all or part of your property (that is, we may discharge, or partially discharge, your property) from the mortgage whether we receive value for our release or not. If we release part of your property from the mortgage at any time, the rest of your property will continue to secure the loan amount. We are only accountable for money actually received by us.

If your property is subdivided before our interest in your property comes to an end, the mortgage will be secured by each part into which your property is subdivided. This means that each part will secure repayment of the total amount you owe us, even if we release another part of your property from the mortgage.

We can release you, any guarantor, or any other person from performing any obligation contained in the mortgage or any other security document, without releasing any part of your property secured by the mortgage or any other security, and any such release shall not release any other person from the obligations in the mortgage.

21. RENEWING OR OTHERWISE AMENDING THE MORTGAGE

We may from time to time enter into one or more written agreements with you (or with any one to whom your property is transferred) to amend the mortgage by extending the time for payment, renewing it or its term for further periods of time, changing the interest rate payable under the mortgage or otherwise altering the provisions of the mortgage. Whether or not there are any encumbrances on your property in addition to the mortgage at the time the agreement is entered into, it will not be necessary to register the agreement on title in order to retain priority for the mortgage, as amended, over any instrument registered after the mortgage. Any reference in this set of standard charge terms to the mortgage means the mortgage as amended by any such agreement or agreements.
You or any person liable in any manner for payment or performance of any other terms of the mortgage will not be released and will continue fully liable with or without notice, consent or agreement to any such renewal, extension or amendment.

22. CONDOMINIUM/STRATA LOT PROVISIONS

If your property is a condominium unit or strata lot, you are also to comply with the provisions in this paragraph 22 in addition to all of the other provisions of the mortgage (except paragraph 12). In this section, condominium also means strata, condominium unit or unit also means strata lot and condominium corporation also means strata corporation.

In this paragraph 22, the Condominium Act, the Strata Property Act or similar legislation governing condominium property in the province in which your property is located, each as amended or re-enacted, is called the **Act**. Expressions used below which are the same as those in the Act have the same meaning as those in the Act, except that the expression **condominium property** has the same meaning as the word "property" in the Act.

A. You will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the **corporation**) relating to your property and provide us with proof of your compliance from time to time as we may request.

B. You will pay the common expenses for your property to the corporation on the due dates. Or, if we exercise our right to collect your contribution towards the common expenses from you, you will pay the same to us upon being so notified. We can accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due.

C. You will forward to us any notices, assessments, by-laws, rules and financial statements of the corporation you receive (or are entitled to receive) from the corporation.

D. You will maintain all improvements made to your unit and repair them after damage.

E. Insurance — In addition to the insurance which the corporation must obtain, you must:

i. Insure all improvements which you or previous owners have made to your unit;
ii. Obtain insurance for those additional risks that we require;
iii. Insure your common or other interest in buildings (whether presently existing or built in the future, both during construction and afterwards) which are part of the condominium property or assets of the corporation if the corporation fails to insure the buildings or assets as required or if we require you to do so;
iv. Assign your insurance policies to us and (as far as permitted by law) your interest in the policies held by the corporation.
v. Provide us with proof that the required insurance is in force, as well as evidence of any renewal or replacement of the insurance, within fifteen days before the insurance expires or is terminated.
vi. Do all that is necessary to collect insurance proceeds.

Each of your insurance policies (and those of the corporation) must comply with the following:

- Your property must be covered against destruction or damage by fire and other perils usually covered in fire insurance policies and against any other perils we require for its full replacement cost (the maximum amount for which it can be insured) in Canadian dollars;
- The insurance company and the terms of the policy must be satisfactory to us.

If you fail to insure your property as required in this paragraph 22, we can, but are not obliged to, obtain any insurance which you are required to obtain. What we pay for this insurance will immediately become payable by you to us. If any loss or damage occurs, you, on behalf of the condominium corporation and yourself, will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. You will seek to ensure the full compliance by the condominium corporation with its duties and obligations under the **Condominium Act** and the Declaration and By-Laws of the condominium corporation.

To the extent permitted by law, insurance proceeds may, in whole or in part, at our option be:

a. Applied to rebuild or repair the damage to your property;
b. Paid to you;
c. Paid to any other person who owns or did own the property, as established by the registered title; or
d. Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

F. You must pay certain other expenses — In addition to our other rights and remedies contained in the mortgage, you will pay us immediately all our expenses in relation to:

- Any by-law, resolution, rule or other matter (other than one for which only a vote of the majority present at the meeting is required);
- The enforcement of our right to have the corporation or any owner comply with the Act, declaration, bylaws and rules; and
- Our exercising any voting rights we may have.

Where our expenses relate to other units as well as to your property, the amount you are required to pay will only be the expenses related to your property as we determine.

G. Voting and other rights — You authorize us to exercise your rights under the Act to vote, consent and dissent. You also authorize us to exercise your rights to:

- Demand the corporation purchase your unit and common interest, where provided under the Act;
- Elect to have the value of your unit and common interest or that of the condominium property determined by arbitration;
- Receive your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements.

If we do not exercise your rights, you may do so according to any instructions we may give you. Before making such a demand or election you must obtain our prior written approval. You must do this even if we do not have the right to make the demand or election as between ourselves and the corporation, and even if we had previously arranged for you to exercise that right.

Nothing done under this paragraph 22 puts us in possession of your property. We are not liable for any action we may take in doing what you have authorized us to do or for any failure to act. We may at any time revoke any arrangement we make for you to do anything you have authorized us to do.

H. Our additional rights under the mortgage — You authorize us to do the following:

i. Inspect your property at any reasonable time.
ii. Do any needed maintenance or repairs after damage.
iii. Inspect the corporation's records
iv. Remedy any failure of yours to comply with the Act or the declaration, by-laws and rules of the corporation.

I. Repayment of the loan amount may be accelerated — The loan amount will become payable immediately, at our option, if:

i. The corporation fails to comply with the Act and the declaration, by laws and rules of the corporation;
ii. The corporation fails to:
  - insure all the condominium units and common elements according to law and according to any additional requirements of ours;
  - insure its assets if we so require and according to our requirements;
  - provide us with proof that the insurance is in force, if we ask for it; or
  - do all that is necessary to collect insurance proceeds;
iii. The corporation does not, in our opinion, manage the condominium property and assets in a careful way;
iv. The corporation fails to keep the corporation's assets in good repair and working order;
v. The corporation makes any substantial modification to the common elements or the corporation's assets without our approval;
vi. There has been substantial damage and the owners have voted for termination of the condominium;
vii. A sale of the condominium property or any part of the common elements is authorized.
viii. A court makes an order that the government of the condominium property by the Act be terminated; or
ix. The condominium property ceases to be governed by the Act.

Our rights will not be affected by the fact that we voted for or consented to such termination, sale or order or to the condominium property not being governed by the Act.

J. Termination of the corporation — If your property ceases to be governed by the Act:

- All the terms of the mortgage continue to apply;
- You authorize us to agree with anyone to a partition of the condominium property. We can pay or receive money to ensure that the partition is equal and you will reimburse us, immediately, for any money we have paid. We can also execute all documents and do all acts needed to carry out the partition;
- Your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements shall be paid to us (unless we notify you to the contrary in writing) and you will do all things necessary to accomplish this; and
- Any money received by us (after payment of all our expenses) may be applied to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you.

23. DISCHARGE

When our interest in your property comes to an end, we will provide, at our sole discretion, either a full discharge of our claim (which is called a Discharge of Charge/Mortgage) or a written confirmation that our claim has been discharged (which is called a Notification of Discharge). You will give us a reasonable time in which to prepare such documents and you will pay our usual administrative fee for preparing, reviewing, signing or registering the discharge document and all legal and other expenses we incur in so doing. In the event we provide you with a Discharge of Charge/Mortgage, you will be responsible for registering the documentation and for all costs relating to such registration.

When our interest in your property comes to an end and you request that we assign your mortgage we will prepare an assignment to the mortgage for you. You will give us a reasonable time in which to prepare and sign the assignment and you will pay our usual administrative fee for preparing, reviewing and signing the documentation and all legal and other expenses we incur in so doing. You will be responsible for registering the documentation and for all costs relating to such registration. However, we will not assign the mortgage on your direction and will only deliver a discharge of the mortgage where we are or have been in possession of the property upon default under the mortgage.

24. HEADINGS

Headings form no part of the mortgage. They are used so that parts of the mortgage can easily be referred to.

25. WHO IS BOUND BY THE MORTGAGE

You agree to observe and be bound by all of the terms and obligations contained in the mortgage. The mortgage will also be binding on your heirs, personal and legal representatives, successors or assigns, our successors, assigns or legal representatives and anyone else to whom your property is transferred. As well, the mortgage will be binding on anyone to whom it is transferred by us. All persons who sign the mortgage as chargors are collectively and individually (that is, jointly and severally) bound to comply with all obligations under the mortgage.

26. STATUTORY COVENANTS EXCLUDED

The covenants implied or incorporated into a mortgage by statute in the province where your property is located are, to the extent permitted by statute, excluded or overridden by the terms of this mortgage.

27. GUARANTEE

In this paragraph 27, **guarantor** means each person who signs the mortgage as guarantor. **Chargor** means the person or persons who sign the mortgage as chargor and **property** means the property charged by the mortgage.

In return for us making a loan to the chargor, the guarantor, by signing the mortgage, guarantees the chargor's payments (including interest, whether or not the interest rate is changed), and compliance with the chargor's other obligations, under the mortgage. Each guarantor agrees that, if the chargor defaults in making any payment or in performing any other obligation under the mortgage, the guarantor will pay us all of the unpaid payments and comply with all of the obligations which have not been complied with by the chargor. Each guarantor will be collectively and individually (that is, jointly and severally) responsible with the chargor and with one another (if more than one) for all obligations under the mortgage.

It is understood that we can without lessening the guarantor's liability and without obtaining the consent of or giving notice to the guarantor:

- Grant any extensions of time for payment and extensions of the term of the mortgage, including any renewals of the mortgage or its term for further periods of time;
- Increase the rate of interest payable under the mortgage, either during the initial term or in any subsequent renewal period;
- Release the whole or any part of the property from the mortgage or any other security;
- Otherwise deal with the chargor, any other person (including any guarantor), any security (including the mortgage) or the property, including releasing, realizing on or replacing any security we may hold;
- Waive any provision of the mortgage or change any of the terms of the mortgage at any time during the initial term of the mortgage or in any subsequent renewal period;

either before or after requiring payment from any person without affecting the guarantee. We may require payment from any guarantor without first trying to collect from the chargor or any other person (including any guarantor) or on any security (including the mortgage). Each guarantor's obligations shall be binding upon the guarantor's successors or personal representatives.

28. FEES AND EXPENSES

A. Servicing Fees.

You agree to pay to us servicing fees to cover our reasonable time and costs for administration of the mortgage including without limitation, a fee or allowance for

(a) administering the account for the collection and payment of taxes, an annual fee;

(b) dealing with each late or missed payment and for replacement of each cheque or other instrument not honoured when presented for payment, or any preauthorized payment which does not clear as scheduled,

(c) preparing each information, arrears, reinstatement, discharge or other mortgage statement, whether provided to you, our agents or solicitors or any other interested person,

(d) processing each application to obtain our consent to assume the mortgage or our approval or consent for any other matter required by the mortgage whether or not approval or consent is provided or the matter is completed,

(e) processing each extension, renewal, payment frequency change, restructuring or other amendment of the mortgage, whether or not completed,

(f) investigating status of any insurance, administering insurance cancellations and paying insurance premiums and dealing with insurance claims,

(g) providing a copy or duplicate of documents from our file or an amortization schedule, a payment history, tax account history, audit verification and other services of a clerical nature including retrieval, copying, transmission and other charges,

(h) investigating status of realty tax payments and administering tax payments,

(i) registering a financing statement or financing change statement or issuing or receiving any notice or information, security status or acknowledgement request and conducting any required searches,

(j) registering electronically or otherwise or executing and delivering any discharge of this mortgage (notwithstanding that the discharge may have been prepared by you or other person on your behalf),

(k) generally, any matter connected with the proper administration of the mortgage and property including inquiring into compliance, dealing with or enforcing any obligation contained in the mortgage and including, without limitation, with respect to taxes, condominium fees and matters, insurance, repair and construction, environmental matters, leases and other encumbrances, managing or selling the property.

Our servicing fees shall be the amounts established, disclosed and generally applied by us from time to time and may be ascertained upon inquiry to us.

B. Costs.

You agree to pay us all amounts we expend and costs we incur in any manner in connection with this mortgage including, without limitation, expenses in relation to:

(a) collecting payments under and enforcing and realizing the security of this mortgage;

(b) defending or otherwise dealing with any action or proceeding in which we by reason of the mortgage may be a party or otherwise interested including without limitation any construction lien or similar matter, any seizure or prosecution by police or other authority, any foreclosure, sale, redemption, assessment or other action or proceeding by any other encumbrancer or any certificate of pending litigation or other title matter;

(c) performing or complying with any of your obligations under this mortgage including, without restriction, those relating to insurance, condominium, repair and construction, leases, taxes, prior encumbrances and environmental matters.

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All legal costs incurred by us in dealing with compliance with any term and in enforcement of the mortgage shall be paid by you in full (including legal fees for any court proceeding on a substantial indemnity basis).

C. Interest and Security for Fees and Costs.

All the above described fees and costs, allowances and expenses shall be secured by this mortgage, shall bear interest at the interest rate of the mortgage from the date incurred or calculated by us and shall be payable by you forthwith on demand.

29. SECURITIZATION

We may, at our option, sell, assign or encumber your mortgage to one or more third party(ies) without notice to you, any guarantor or any spouse signing your mortgage and without requiring any consent. If we do so, you agree that your mortgage shall continue to secure all amounts owing under your mortgage. Once sold or assigned, your mortgage may be repurchased by us, whether or not it is in default. You and each guarantor and spouse executing the mortgage hereby authorize and consent to us or any other person having an interest in the mortgage from time to time and their or our respective agents and advisors including any party retained to service the mortgage, releasing, disclosing and assigning any personal or other information (including financial information) with respect to you, any guarantor and your spouse, the mortgage loan and your property, regardless of the scope of distribution and to any such other person as may be required to complete, administer, realize, assign, securitize or otherwise deal with your mortgage from time to time.

30. U.S.A. RESIDENTS

If you are or become a resident of the United States of America for tax purposes and we are subject to a tax payable to the government of the U.S.A. on the interest we receive through your payments, the interest rate on the loan amount will be increased by multiplying by a factor of 1.1111 to offset our obligations in that regard. This factor may change any time if the government of the U.S.A. makes a change in the amount of tax to be paid.

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31. EQUIVALENT INTEREST RATES

If the Interest Rate specified in your Mortgage is Adjustable (section 3(B)), then the compounding frequency is monthly, not in advance. You may determine the equivalent interest rate compounded semi-annually not in advance by referring to the table below:

Rate Coumpounded Monthly	Rate Compounded Semi-Annually	Rate Coumpounded Monthly	Rate Compounded Semi-Annually	Rate Coumpounded Monthly	Rate Compounded Semi-Annually
1.000	1.00250	6.000	6.09000	11.000	11.30250
1.125	1.12816	6.125	6.21879	11.125	11.43441
1.250	1.25391	6.250	6.34766	11.250	11.56641
1.375	1.37973	6.375	6.47660	11.375	11.69846
1.500	1.50563	6.500	6.60562	11.500	11.83063
1.625	1.63160	6.625	6.73473	11.625	11.96285
1.750	1.75766	6.750	6.86391	11.750	12.09616
1.875	1.88379	6.875	6.99316	11.875	12.22754
2.000	2.01000	7.000	7.12250	12.000	12.36000
2.125	2.13629	7.125	7.25191	12.125	12.49254
2.250	2.26266	7.250	7.38141	12.250	12.62516
2.375	2.38910	7.375	7.51098	12.375	12.75785
2.500	2.51563	7.500	7.64063	12.500	12.89063
2.625	2.64223	7.625	7.77035	12.625	13.02348
2.750	2.76891	7.750	7.90016	12.750	13.15641
2.875	2.89566	7.875	8.03004	12.875	13.28941
3.000	3.02250	8.000	8.16000	13.000	13.42250
3.125	3.14941	8.125	8.29004	13.125	13.55566
3.250	3.27641	8.250	8.42016	13.250	13.68891
3.375	3.40348	8.375	8.55035	13.375	13.82223
3.500	3.53063	8.500	8.68063	13.500	13.95563
3.625	3.65785	8.625	8.81098	13.625	14.08910
3.750	3.78516	8.750	8.94141	13.750	14.22266
3.875	3.91254	8.875	9.07191	13.875	14.35629
4.000	4.04000	9.000	9.20250	14.000	14.49000
4.125	4.16754	9.125	9.33316	14.125	14.62379
4.250	4.29516	9.250	9.46391	14.250	14.75766
4.375	4.42285	9.375	9.59473	14.375	14.89160
4.500	4.55062	9.500	9.72563	14.500	15.02563
4.625	4.67848	9.625	9.85860	14.625	15.15973
4.750	4.80641	9.750	9.98766	14.750	15.29391
4.875	4.93441	9.875	10.11879	14.875	15.42816
5.000	5.06250	10.000	10.25000	15.000	15.56250
5.125	5.19066	10.125	10.38129	15.125	15.69691
5.250	5.31891	10.250	10.51266	15.250	15.83141
5.375	5.44723	10.375	10.64410	15.375	15.96598
5.500	5.57563	10.500	10.77563	15.500	16.10063
5.625	5.70410	10.625	10.90723	15.625	16.23535
5.750	5.83266	10.750	11.03891	15.750	16.37016
5.875	5.96129	10.875	11.17066	15.875	16.50504

DATED the 23rd day of January, 2006.

MERIX FINANCIAL INC.
by its solicitors
Gowling Lafleur Henderson LLP
Per:

Harry R. VanderLugt

FILED: , 2006

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200607 Code

is the French version of the standard charge terms filed under number 200603.
présente liste consitiue la version francaise des clauses types de charge déposées sous
cote 200603.

ment déposé par la Societe hypothecaire Scotia
liste des clauses types relatives aux charges hypothécaires suivante doit être réputée être
rise dans tout acte de charge dans lequel il est fait reference à la liste des clauses types sous
qui lui est attribuée, tel qu'il est-stipulé à l article 9 de la Loi.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200608 Cote
Filing Date February 2nd/06 Date de Dépôt
Page total 10 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Charge ou prêt hypothécaire à taux fixe
(Loi sur l'enregistrement des droits immobiliers
et Loi sur l'enregistrement des actes)

Loi portant réforme de l'enregistrement immobilier

LISTE DE CLAUSES TYPES RELATIVES AUX CHARGES HYPOTHÉCAIRES Nº

1. DÉFINITIONS

Dans la présente Liste des clauses types de la charge, **prêt hypothécaire** désigne, pour le système d'enregistrement sur papier, l'Acte de charge (Hypothèque) (Formule 2), ou pour le système d'enregistrement électronique, la charge préparée sous forme électronique et enregistrée électroniquement suivant les dispositions de la Loi portant réforme de l'enregistrement immobilier (avec ses modifications ou remplacements), les annexes qui l'accompagnent et la présente Liste de clauses types de la charge. Les termes vous et votre désignent chacune des personnes y ayant apposé leur signature à titre de constituant. Les termes **nous** et **notre** désignent la Société hypothécaire Scotia, à titre de titulaire. Le terme **votre unité foncière** désigne le bien-fonds décrit sous Description ou sous Unités foncières dans le prêt hypothécaire, tous les bâtiments qui y sont ou pourront dans l'avenir y être construits, ainsi que tous ajouts, modifications et améliorations dont ils pourront faire l'objet. Le terme **montant du principal** désigne le montant indiqué comme Capital dans le prêt hypothécaire. Par **montant du prêt**, il faut entendre le montant variable du solde du prêt (intérêts compris) dont vous nous êtes redevable à une date quelconque au titre du prêt hypothécaire. Toute référence à la signature d'un document s'entend également d'une signature électronique.

Toute référence à la signature du prêt hypothécaire s'entend des signatures apposées sur l'Acte de charge (Hypothèque) (Formule 2) ou sur toute annexe s'y rattachant, ou sur une Attestation et instructions ou sur toute annexe s'y rattachant pour enregistrement électronique. Toute référence aux alinéas s'entend de ceux qui figurent dans le présent document.

Si le prêt hypothécaire en cause est un prêt hypothécaire assuré par la SCHL, il est consenti aux termes de la **Loi nationale sur l'habitation**.

2. OBLIGATIONS DÉCOULANT DU PRÊT HYPOTHÉCAIRE

En contrepartie de l'octroi par nous d'un prêt du montant en principal (dont, en apposant votre signature au bas du document hypothécaire, vous accusez réception), vous vous engagez comme suit :

i) si vous êtes propriétaire de votre unité foncière, à la grever d'une charge à notre profit et à celui de nos successeurs et cessionnaires (**nos ayants droit**);

ou

ii) si vous êtes locataire de l'unité foncière que vous habitez, à grever d'une charge vos droits dans cette unité foncière (toute option d'achat comprise) à notre profit et celui de nos ayants droit, pour la durée complète du bail;

à titre de garantie pour le remboursement du montant du prêt hypothécaire et l'exécution de vos autres obligations aux termes de ce prêt. Vous faites de ce fait cession de vos droits dans l'unité foncière à nous et à tout bénéficiaire d'un transfert éventuel de la charge.

Extinction de la garantie hypothécaire :

Notre intérêt dans l'unité foncière prend fin :

- lorsque le montant du prêt (intérêts compris) est remboursé intégralement, conformément aux dispositions du document hypothécaire; et
- que les autres obligations également prévues aux termes de ce document ont été remplies.

3. INTÉRÊTS

A. Taux d'intérêt

Le taux d'intérêt applicable au montant du prêt est désigné Taux d'intérêt dans le prêt hypothécaire. Calculés semestriellement, non d'avance, les intérêts sont payables mensuellement. Le calcul initial des intérêts effectué après la date d'ajustement de l'intérêt (DAI) (qui précède d'un mois la date d'échéance de la première mensualité exigible au titre du prêt) désignée Date d'ajustement de l'intérêt dans le prêt hypothécaire couvrira la période de six mois commençant à courir à cette date. Ce calcul suivra de six mois la date d'ajustement de l'intérêt. Par la suite, il sera effectué régulièrement tous les six mois. Les intérêts sont payables sur le montant du prêt au taux prévu, tant après qu'avant la date du dernier versement, et tant après qu'avant défaillance de l'emprunteur et jugement, jusqu'au complet remboursement du montant du prêt.

B. Intérêts composés

Si à la date d'échéance d'une mensualité, vous omettez d'acquitter le montant dû, nous vous imputerons des intérêts sur le montant en souffrance (intérêts compris), jusqu'à son complet remboursement. Ces intérêts sont dits composés et sont payables aux mêmes dates que les versements mensuels. Nous percevons également de l'intérêt sur l'intérêt composé échu, au taux applicable au montant du prêt, jusqu'à complet remboursement, tant avant qu'après la date du dernier versement, et tant avant qu'après défaillance de l'emprunteur et jugement.

C. Prêt hypothécaire à la construction à avances échelonnées

Si vous avez un prêt hypothécaire à la construction à avances échelonnées, le taux d'intérêt annuel qui s'appliquera à votre prêt au cours de la période de construction sera un taux variable correspondant au taux de base de la Banque Scotia, majoré de 1,%. Exigibles mensuellement, les intérêts seront calculés semestriellement, non d'avance. Le taux d'intérêt sur votre prêt sera rajusté, sans qu'un préavis vous soit envoyé, le jour même de toute fluctuation du taux de base de la Banque Scotia. Pour connaître le taux de base en vigueur en tout temps de la Banque Scotia, il suffit de s'adresser à n'importe quelle succursale de la Banque Scotia au Canada.

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® Marque déposée de La Banque de Nouvelle-Écosse. La Société hypothécaire Scotia est un usager autorisé de cette marque.

La période de construction commence à la date de la première avance du prêt hypothécaire et prend fin à la première des dates suivantes : 9 mois plus tard ou date à laquelle au moins 75 % des fonds du prêt auront été décaissés.

4. REMBOURSEMENT DU PRÊT

A. Monnaie et lieu de paiement

Le montant du prêt est payable en monnaie canadienne. Les mensualités et autres paiements seront effectués à la succursale dont l'adresse figure en tant que domicile élu du (des) titulaire(s) dans le prêt hypothécaire, ou à tout autre lieu que nous vous aurons indiqué. Les modalités de paiement sont les suivantes :

B. Intérêts exigibles avant la date d'échéance de votre premier versement ordinaire

Avant la date de début du prêt, vous nous paierez des intérêts calculés semestriellement, non d'avance, au taux applicable au montant du prêt, sur tous les fonds que nous vous aurons avancés.

Si plus d'un mois s'écoule entre la date de l'avance et la date d'échéance de votre premier versement ordinaire, vous réglerez à part les intérêts courus au cours de cette période. À notre discrétion, ces intérêts seront exigibles un mois avant la date d'échéance de votre premier versement ordinaire ou à cette date d'échéance, ou encore ils pourront être prélevés sur des avances ultérieures. Nous pouvons également exiger que vous acquittiez ces intérêts sur une base mensuelle, avant que nous établissions une date d'échéance pour votre premier versement ordinaire.

C. Échéance des versements après la date d'ajustement de l'intérêt

Le montant du principal, majoré des intérêts calculés à compter de la date d'ajustement de l'intérêt, est remboursable sous forme de mensualités.

Vous effectuerez vos paiements, dont le montant est désigné Montant des versements ou Versement dans le prêt hypothécaire, par versements égaux, à compter de la date désignée Date du versement initial dans le prêt hypothécaire et chaque mois par la suite, jusqu'à la date désignée Date du dernier versement dans le prêt hypothécaire. Chaque date à laquelle il vous incombe d'acquitter un versement est dite **date de versement mensuel**. Chaque versement mensuel comprend une tranche affectée au remboursement du principal et une tranche affectée au remboursement des intérêts courus à la date d'échéance de ce versement.

Le solde du montant du principal ainsi que les intérêts échus sont payables à la date désignée Date d'échéance du solde dans le prêt hypothécaire, laquelle correspond à celle qui est appelée date du dernier versement dans le prêt hypothécaire.

D. Imputation des versements mensuels

Chaque versement mensuel sera **d'abord** affecté au paiement des intérêts exigibles, **puis** à la réduction du montant du principal.

E. Paiement anticipé à la vente ou à la constitution d'une hypothèque

Nous pouvons exiger que vous nous remboursiez sur-le-champ tous les montants que vous nous devez aux termes du prêt hypothécaire si vous vendez, transférez, hypothéquez votre propriété ou y inscrivez une charge à moins que nous n'ayons donné préalablement notre approbation par écrit. Si nous approuvons la vente, le transfert, l'hypothèque ou la charge et n'exigeons pas que vous nous remboursiez immédiatement tous les montants que vous nous devez aux termes du présent prêt hypothécaire, vos obligations à notre égard ainsi que nos droits contre vous ou un tiers tenu de rembourser l'argent qui nous est dû aux termes du présent prêt hypothécaire demeurent inchangés.

F. Prêt hypothécaire à la construction à avances échelonnées

Si vous avez un prêt hypothécaire à la construction à avances échelonnées, vous effectuerez, tous les mois au cours de la période de construction, des versements en intérêts seulement dont le premier sera exigible un mois après la date de la première avance. Chaque fois que notre taux de base sera modifié, le montant de ces versements en intérêts seulement sera automatiquement rajusté (ainsi que le mentionne l'alinéa 3C des présentes) en fonction du montant en capital déjà avancé. Votre dernier versement en intérêts seulement sera exigible à la première des dates suivantes : date désignée Date du dernier versement dans le prêt hypothécaire, 9 mois après la date de la première avance sur votre prêt ou date à laquelle au moins 75 % des fonds du prêt auront été décaissés. À cette date, le solde du prêt, majoré de tous les intérêts courus, devra être intégralement remboursé, à moins que le prêt ne soit converti selon les modalités décrites ci-après.

Si 75 % des fonds de votre prêt à la construction à avances échelonnées n'ont pas été décaissés au plus tard à la fin de la période de construction de neuf mois (à partir de la date de la première avance), nous pouvons, à notre gré :

1. convertir votre prêt hypothécaire comme il est décrit ci-dessous
2. continuer à percevoir l'intérêt seulement pour une période de temps déterminée
3. exiger le remboursement complet du solde du prêt et de tous les intérêts

Convertibilité du prêt

Lorsqu'au moins 75 % des fonds de votre prêt auront été décaissés (à condition que cela se produise dans les 9 mois qui suivent la première avance), nous établirons une nouvelle date de début du prêt et convertirons le prêt selon la durée, le type de taux et le calendrier de remboursement que vous avez choisis, compte tenu du montant intégral en principal indiqué dans le Contrat de crédit à un particulier ou dans tout accord modifiant ce contrat. Nous vous fournirons à cet égard un avis de confirmation qui énoncera notamment le taux d'intérêt applicable à votre prêt hypothécaire, le montant des versements en capital et intérêts, la date de début du prêt et sa date d'échéance.

5A. PÉNALITÉS EN CAS DE REMBOURSEMENT D'UN PRÊT HYPOTHÉCAIRE AVANT L'ÉCHÉANCE

Vous pouvez rembourser à l'avance une partie ou la totalité de votre prêt hypothécaire selon le type de celui-ci. Si nous convenons plus tard de modifier ou de proroger la durée du prêt, les conditions liées au remboursement anticipé ne s'appliqueront pas au prêt ainsi renouvelé ou prorogé.

Remboursement anticipé d'un prêt fermé

Si tous vos versements hypothécaires sont en règle, vous pouvez augmenter le montant de vos versements, ou rembourser par anticipation une partie de votre prêt selon l'une des trois options indiquées dans le tableau ci-après. Ces options s'appliquent uniquement aux remboursements anticipés partiels et peuvent être exercées chaque année, mais sans possibilité de report à une année ultérieure. Une année désigne une période de 12 mois commençant à la date de début du prêt (aussi appelée date d'ajustement de l'intérêt) ou à la date anniversaire du début du prêt. Si la durée du prêt hypothécaire est inférieure à 12 mois, ces options peuvent être exercées au cours de chaque durée.

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OPTIONS DE REMBOURSEMENT ANTICIPÉ		
[illegible]	[illegible]	[illegible]
1. *En effectuant un versement hypothécaire supplémentaire (capital, intérêts et impôt foncier)	À n'importe quelle date de versement ordinaire au cours de l'année	Le montant en capital de votre prêt hypothécaire est réduit de ce montant
2. *En remboursant jusqu'à 15 % du montant initial en capital de votre prêt hypothécaire	N'importe quand (sauf le jour du remboursement intégral), la somme totale ne devant pas excéder le maximum annuel	
3. En augmentant votre versement ordinaire d'un montant n'excédant pas 15 % du versement en capital et intérêts établi pour la durée du prêt hypothécaire	Une fois chaque année de la durée de votre prêt hypothécaire	

*Seules les options 1 et 2 permettent d'omettre un versement.

Pénalité en cas de remboursement anticipé

Lorsque vous remboursez par anticipation la totalité ou une partie de votre prêt hypothécaire, vous devez payer une pénalité, à moins que le remboursement partiel n'ait été effectué conformément à notre tableau des *options de remboursement anticipé*. La pénalité applicable à un remboursement anticipé, partiel ou intégral, ou solde en principal de votre prêt hypothécaire correspond au **plus élevé** des montants **A)** et **B)** ci-dessous :

A) *Trois mois d'intérêts* calculés sur le montant du remboursement anticipé au taux du prêt hypothécaire.

B) *Le différentiel d'intérêt*, c'est-à-dire la différence entre le taux d'intérêt pratiqué sur votre prêt hypothécaire et le taux d'intérêt courant pratiqué sur les prêts hypothécaires semblables, pour la durée restant à courir. (On entend par prêts hypothécaires semblables les prêts fermés à taux fixe dont la durée est la plus proche de celle restant à courir sur votre prêt. Toute réduction de taux initialement offerte sera également appliquée au taux courant.) La pénalité applicable est établie en fonction du montant du remboursement effectué par anticipation.

Si la durée de votre prêt hypothécaire est de plus de 5 ans et si vous remboursez par anticipation une partie ou la totalité de ce prêt après 5 ans, vous devrez payer une pénalité maximum qui correspond à A) sous la rubrique précédente.

Si vous avez reçu une remise en espèces sur votre prêt, le montant de cette remise devra être remboursé de la manière indiquée ci-après à la rubrique *Remise en espèces*.

Remboursement anticipé d'un prêt flexible

Vous disposez, en plus des options et des frais déjà mentionnés pour un remboursement anticipé durant la période fermée du prêt, de la possibilité de renouveler votre prêt par anticipation en le convertissant, sans pénalité, en un prêt fermé d'un an et plus à taux fixe. Si vous avez reçu une remise en espèces sur votre prêt, le montant de cette remise devra être remboursé de la manière indiquée ci-après à la rubrique *Remise en espèces*.

Prêt hypothécaire transférable/à taux pondéré

Si votre prêt hypothécaire à taux fixe est fermé, vous avez la possibilité d'en transférer le solde actuel et la durée restant à courir sur une nouvelle maison ou, par un apport de fonds supplémentaires, de relever le solde de ce prêt et d'en proroger la durée. Le taux d'intérêt sur le nouveau prêt sera un taux pondéré en fonction du taux d'intérêt sur votre prêt hypothécaire actuel et du taux applicable à la durée prorogée et au montant majoré du nouveau prêt. Il vous faut alors présenter une nouvelle demande de prêt et satisfaire à tous nos critères habituels en matière de crédit hypothécaire.

Réduction de la pénalité en cas de remboursement anticipé

Si vous remboursez intégralement votre prêt hypothécaire et si vous contractez auprès de nous un prêt de remplacement admissible, vous pourriez obtenir une réduction du montant de la pénalité exigée en cas de remboursement anticipé. Votre succursale de tenue de compte vous fournira tous les renseignements utiles.

Option *Temps d'arrêt*®

Vous pouvez omettre d'effectuer n'importe quel versement pourvu que vous ayez fait, pendant la durée du prêt en cours, un remboursement anticipé d'un montant égal au versement que vous désirez omettre et que votre prêt hypothécaire ne soit pas en souffrance. Mais vous ne pouvez omettre, le cas échéant, de payer la prime d'assurance hypothécaire. Des versements supplémentaires ou des remboursements anticipés ne peuvent être utilisés pour exercer l'option *Temps d'arrêt* lorsque le prêt hypothécaire est pris en charge par un acquéreur subséquent.

Maintien de vos obligations

À moins que vous n'ayez remboursé tout le solde en principal de votre prêt, vous devez continuer à acquitter régulièrement vos versements hypothécaires.

Prêt hypothécaire à la construction à avances échelonnées

Si vous avez un prêt hypothécaire à la construction à avances échelonnées, le présent alinéa 5A ne s'applique pas à votre prêt durant la période de construction.

B. *Remise en espèces*

Si vous obtenez une remise en espèces au moment de l'octroi de votre prêt hypothécaire, le montant de cette remise devra nous être remboursé si le prêt est transféré à une autre institution financière avant l'échéance. Si le prêt est remboursé partiellement ou intégralement, transféré, pris en charge ou renouvelé avant que sa durée initiale ne soit écoulée, la remise en espèces s'ajoutera à la somme exigible qui sera inscrite sur la formule de transfert, de radiation d'hypothèque ou de renouvellement anticipé. La partie remboursable de la remise sera établie au prorata, selon la formule suivante :

$$\text{Remise remboursable} = \frac{\text{Durée restante en mois (chiffre arrondi)}}{\text{Durée initiale en mois}} \times \text{Remise reçue}$$

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6. DROIT DE PROPRIÉTÉ

A. À titre de propriétaire de votre unité foncière, vous attestez :

- i) être le propriétaire légitime de cette unité foncière;
- ii) être fondé en droit à nous consentir une hypothèque;
- iii) que votre titre de propriété est libre de toute charge;
- iv) que votre titre de propriété est libre de toute servitude, sauf les règles du code du bâtiment, les règlements relatifs au zonage et les servitudes régulièrement inscrites.

Les dispositions de l'alinéa A sont applicables, à moins que vous ne nous ayez informés par écrit que vous êtes locataire en vertu d'un bail de l'unité foncière que vous occupez; auquel cas les dispositions de l'alinéa B sont applicables.

B. À titre de locataire de l'unité foncière :

- i) vous attestez que :
  - a) cette unité foncière a été prise en location par vous ou vos ayants droit en vertu d'un bail, dont copie nous a été remise;
  - b) le bail est en vigueur, a force probante et tous les renseignements que vous nous avez fournis à son sujet sont véridiques;
  - c) tous les loyers payables en vertu du bail ont été acquittés jusqu'à la date de signature du document hypothécaire;
  - d) vous avez le droit ou l'autorisation de céder, hypothéquer ou grever le bail;
  - e) l'intérêt que vous détenez dans le bail, sauf stipulations contraires dans ce document, n'est assujetti à aucune limitation, restriction ou charge, à l'exception des règles du code du bâtiment, des règles de zonage et des servitudes régulièrement inscrites.
- ii) vous vous engagez :
  - a) à payer le loyer à l'échéance;
  - b) à respecter les autres conditions du bail et à vous abstenir de tout ce qui pourrait entraîner sa résiliation;
  - c) à ne pas rétrocéder le bail;
  - d) à ne pas modifier le bail sans avoir au préalable obtenu notre consentement écrit;
  - e) à nous remettre copie conforme de tout avis ou requête qui vous est adressé concernant le bail;
  - f) à nous aviser sans délai, au cas où votre propriétaire vous ferait part de la résiliation anticipée de votre bail ou prendrait des dispositions à cet effet.

C. Vous éviterez tout ce qui pourrait porter atteinte à nos droits sur votre unité foncière.

D. Vous signerez tous autres documents et accomplirez toutes formalités que nous jugeons nécessaires pour assurer le transfert à notre profit de vos droits dans l'unité foncière.

7. USAGE DE VOTRE UNITÉ FONCIÈRE

Vous n'apporterez à votre unité aucun ajout, aucune modification ni amélioration et éviterez de l'utiliser à des fins professionnelles sans avoir obtenu au préalable notre consentement écrit. Vous ne devez pas utiliser votre unité foncière à des fins illicites.

8. NOUS N'AVONS AUCUNE OBLIGATION DE VOUS VERSER DES AVANCES AUX TERMES DU PRÊT HYPOTHÉCAIRE

Nous pouvons, si nous le jugeons à propos, pour un motif quelconque, nous abstenir de vous verser tout ou partie du montant du principal, même si le document hypothécaire est déjà rédigé, signé ou enregistré, et qu'une partie du principal ait été ou non décaissée. En apposant votre signature sur le document hypothécaire, vous nous cédez tous vos droits sur l'unité foncière. Vous nous rembourserez, sur demande, de tous nos frais engagés pour constater vos droits sur cette unité foncière et pour la rédaction et l'enregistrement du document hypothécaire.

9. IMPÔTS ET TAXES

A. Vous acquitterez chaque mois, en même temps que le versement sur votre prêt une part du montant estimatif de l'**impôt foncier** payable sur votre unité foncière pour l'année qui suit. Fixé à un douzième du total de l'impôt foncier estimatif pour l'année considérée, le montant de cet impôt mensuel peut être rajusté pour tenir compte de toute modification apportée au taux d'imposition annuel applicable à votre unité foncière. La quote-part de l'impôt foncier ainsi acquitté mensuellement doit nous permettre de régler annuellement le montant intégral de votre impôt foncier au plus tard à la date d'échéance. Si votre impôt foncier est payable par versements, les paiements effectués mensuellement par vous à ce titre doivent nous permettre d'acquitter intégralement le total de vos versements au titre de l'impôt foncier au plus tard à la date d'échéance du premier versement.

B. Si, toutefois, un intervalle de moins d'un an sépare la date d'ajustement de l'intérêt de la date d'échéance annuelle des impôts fonciers ou de celle du premier versement à ce titre, vous nous paierez mensuellement des montants égaux durant cette période et au cours des douze mois qui suivront. Nous nous fonderons, pour fixer le montant de ces paiements mensuels, sur notre estimation du total des impôts fonciers payables pour les deux périodes, afin de nous permettre de percevoir de vous un montant suffisant pour régler intégralement ces impôts à leur échéance.

C. Vous nous réglerez également, sur demande, tout excédent des impôts fonciers sur le montant estimatif calculé par nous. Pour couvrir cet excédent, nous pouvons, si nous le jugeons à propos, majorer le montant acquitté par vous mensuellement à ce titre.

D. Le montant perçu par vous mensuellement sera régulièrement affecté au paiement de vos impôts fonciers, sauf en cas de retard de paiement de votre part. Nous ne sommes nullement tenus de régler les impôts fonciers aux dates d'échéance ou plus d'une fois l'an. Nous acquitterons les impôts fonciers même si le montant reçu de vous est insuffisant, et votre compte d'impôts fonciers indiquera alors un solde débiteur, qui devra être immédiatement réglé. Nous n'avons pas à vous signaler que ce compte est débiteur.

E. Sur tout solde créditeur à votre compte d'impôts fonciers, des intérêts seront calculés à un taux d'intérêt non inférieur à celui versé par la Banque Scotia sur les comptes-chèques d'épargne ayant un même solde créditeur. Sur tout solde débiteur à votre compte d'impôts fonciers, des intérêts seront imputés au taux applicable au montant de votre prêt jusqu'au complet règlement de ce découvert.

F. À défaut de votre part d'acquitter tout montant qui nous est dû à l'échéance, nous pouvons prélever un tel montant sur les fonds en dépôt dans votre compte d'impôts fonciers.

G. Une somme peut être déduite du montant de la dernière avance payable au titre du principal du prêt pour assurer le règlement de tous les impôts fonciers payables jusqu'à la date de rajustement de l'intérêt et non acquittés à cette date.

H. Vous nous transmettrez sans délai tous avis d'imposition, de cotisation, qui vous sont adressés.

10. PAIEMENTS EFFECTUÉS POUR VOTRE COMPTE

Il nous est loisible de libérer votre bien-fonds de tous privilèges, droits et charges qui, à notre avis, priment notre créance, et également d'acquitter les frais engagés par nous pour recouvrer les sommes non acquittées par vous à l'échéance, nos frais juridiques compris calculés sur la base avoué-client. Vous aurez à nous rembourser de tels frais dans les plus brefs délais.

Au cas où nous libérerions votre bien-fonds de tous privilèges, droits et charges, il y aura subrogation en notre faveur des droits, titres et droits en equity de la personne physique ou morale, société ou agence gouvernementale qui aura été ainsi désintéressée par nous.

11. TRANSFERT DE BAUX ET LOYERS

A. En cas de location actuelle ou éventuelle à des tiers de la totalité ou d'une partie de votre unité foncière, sur notre demande écrite, vous nous transférerez et céderez :

- i) tous baux, contrats de location et renouvellements s'y rapportant;
- ii) tous loyers et toutes sommes exigibles aux termes des baux et contrats de location. Nous pourrons, toutefois, vous autoriser à percevoir les loyers, pourvu que vos versements soient en règle et que vous vous soyez conformé à vos autres obligations en vertu du prêt hypothécaire;
- iii) tous droits afférents aux baux et aux contrats de location ayant une incidence sur l'unité foncière.

B. Vous acceptez de plus les conditions suivantes :

- i) vous obtiendrez notre consentement écrit avant de consentir de nouveaux baux ou de renouveler un bail en cours (sauf s'il s'agit d'un renouvellement prévu aux termes d'un bail déjà conclu);
- ii) aucune intervention de notre part aux termes du présent alinéa 11 ne pourra nous mettre en possession de votre unité foncière;
- iii) en cas de défaut de paiement de votre part, toutefois, nous sommes habilités à prendre possession de votre unité foncière;
- iv) nous n'avons aucune obligation de percevoir les loyers ou autres revenus ni de nous conformer aux conditions d'un bail ou d'un contrat de location.

12. ASSURANCES

Vous devez sans délai assurer et tenir constamment assurés à notre profit et jusqu'à libération de l'hypothèque, tous les immeubles grevés par cette hypothèque (y compris, tant pendant qu'après les travaux, ceux qui pourront être construits dans l'avenir) contre les risques de perte ou de dommages par incendie et autres risques habituellement couverts par les polices d'assurance-incendie et contre tous autres risques qu'il nous appartient de déterminer. Une telle assurance sera souscrite auprès d'un assureur ayant notre agrément, pour un montant en dollars canadiens correspondant à la valeur de remplacement de l'immeuble (montant maximum pouvant être souscrit). Établie dans des formes jugées par nous acceptables, cette assurance comportera les garanties annexes et une clause nous désignant comme bénéficiaire de l'indemnité en cas de sinistre. Vous nous transférerez, sur notre demande, toutes les polices d'assurance et quittances afférentes aux immeubles, ainsi que le produit de telles assurances.

À défaut de votre part :

- de tenir les immeubles assurés d'une façon que nous jugeons conforme aux instructions qui précèdent;
- de nous remettre, sur notre demande, toute police d'assurance ou toute quittance;
- de nous fournir, sur demande, au moins quinze jours complets avant la date d'expiration ou de résiliation d'une assurance, une preuve de renouvellement ou de souscription d'une nouvelle assurance.

nous pouvons, sans y être tenus, souscrire une assurance sur les immeubles hypothéqués et le montant de la prime d'une telle assurance s'ajoutera à la somme que vous nous devez aux termes du prêt hypothécaire et portera intérêt au taux applicable à celui-ci. Vous acquitterez cette prime à l'échéance de la mensualité la plus rapprochée. En cas de perte ou dommage, vous nous fournirez immédiatement, à vos frais, toutes les preuves du sinistre, et vous accomplirez toutes les formalités nécessaires pour nous permettre d'obtenir le paiement de l'indemnité. La remise à l'assureur d'un exemplaire du présent document constituera une autorisation suffisante lui permettant de nous verser le montant de cette indemnité ou d'accepter nos instructions relatives au règlement du sinistre.

À notre choix, le montant de l'indemnité peut en totalité ou en partie :

- a) être affecté à la reconstruction ou à la réparation des immeubles endommagés;
- b) vous être versé;
- c) être versé à une autre personne propriétaire ou ex-propriétaire de l'unité foncière, selon ce qu'indique le titre de propriété inscrit;
- d) être affecté à la réduction intégrale ou partielle du montant du prêt, qu'il soit ou non arrivé à échéance.

Si votre unité foncière est une partie privative d'une copropriété, les dispositions de la partie E de l'article 22 sont applicables mais non celles du présent article 12.

13. MAINTIEN DES LIEUX EN BON ÉTAT

Vous veillerez à maintenir les locaux en bonne condition et à y effectuer toutes les réparations nécessaires. Vous ne ferez et n'autoriserez personne à faire quoi que ce soit qui puisse diminuer la valeur de l'unité foncière. Nous pouvons en faire l'inspection à toute heure raisonnable. Au cas où, nous jugerions que :

- vos locaux ne sont pas tenus en bon état;
- vous faites ou tolérez quoi que ce soit susceptible de diminuer la valeur de votre unité foncière;

nous pouvons effectuer les réparations que nous jugeons souhaitables. Vous nous rembourserez immédiatement tous frais d'inspections et de réparations engagés par nous.

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14. DISPOSITIONS RELATIVES À L'ENVIRONNEMENT

Nous (et, aux fins du présent article, la Société canadienne d'hypothèques et de logement, s'il s'agit d'un prêt assuré par cette société), pouvons inspecter l'unité foncière et les bâtiments qui s'y trouvent, quand nous le jugeons à propos. Nous pouvons procéder à de telles inspections à toutes fins utiles, mais en particulier pour effectuer des analyses d'ambiance, des évaluations des lieux et les vérifications ou études que nous jugeons nécessaires. Les frais engagés pour de telles évaluations, vérifications ou études seront à votre charge et devront nous être remboursés dès réception d'un avis à cet effet. S'ils ne sont pas acquittés sur demande, ces frais s'ajouteront au solde de votre prêt et porteront intérêt au taux applicable à ce prêt. Aucune intervention de notre part en application des dispositions du présent article n'est assimilable à une prise de contrôle de votre unité foncière.

15. EXIGIBILITÉ ANTICIPÉE DU PRÊT

Nous pouvons exiger le paiement immédiat du montant du prêt dans les circonstances suivantes :

a) vous omettez d'acquitter une mensualité à l'échéance ou tout autre paiement dont vous nous êtes redevable aux termes du prêt;

b) vous ne remplissez pas certaines autres obligations contractées en vertu du prêt hypothécaire;

c) un privilège est inscrit à l'encontre de votre unité foncière ou nous sommes avisés par écrit qu'un privilège a été constitué en raison du non-paiement des impôts fonciers, des charges communes dans le cas d'un logement en copropriété ou condominium, d'un jugement, du privilège d'un constructeur ou d'autres charges semblables;

d) votre unité foncière est abandonnée;

e) des travaux de construction, d'agrandissement, de rénovation entrepris sur votre unité foncière demeurent inachevés, l'arrêt des travaux se poursuivant depuis trente jours consécutifs;

f) vous, ou un tiers utilisant votre unité foncière avec votre autorisation, utilisez votre unité foncière à des fins illicites.

16. NOMINATION D'UN SÉQUESTRE

Si vous omettez d'acquitter une mensualité à l'échéance ou tout autre paiement dont vous nous êtes redevable, ou de satisfaire aux obligations contractées aux termes du prêt hypothécaire, nous pouvons désigner par écrit un séquestre (y compris un séquestre-gérant) qui sera chargé de percevoir les revenus afférents à votre unité foncière. Nous pouvons également désigner par écrit un nouveau séquestre en remplacement de celui désigné par nous précédemment. Le séquestre est réputé être votre mandataire et non le nôtre et vous assumez la responsabilité de ses manquements.

Le séquestre est habilité :

- à exercer tout recours disponible (en votre nom ou au nôtre) en vue de percevoir les revenus afférents à votre unité foncière;
- à prendre possession de tout ou partie de votre unité foncière;
- à l'administrer et à la conserver en bon état.

Sur les revenus perçus, le séquestre peut :

a) conserver une commission égale à 5 % du total des fonds perçus, ou d'un taux plus élevé autorisé par un juge ou un autre fonctionnaire public;

b) conserver une somme suffisante pour acquitter les frais engagés pour percevoir ces revenus;

c) acquitter tous impôts et taxes, primes d'assurance, frais d'entretien de votre propriété, intérêts dus, toutes charges qui priment notre créance hypothécaire et intérêts connexes;

d) acquitter les intérêts qui nous sont dus en vertu du prêt hypothécaire et nous verser toute autre somme payable aux termes de ce prêt, qu'elle soit échue ou non.

17. EXERCICE DE NOS DROITS

A. Défaut de paiement

En cas de non-paiement d'une mensualité à l'échéance ou de tout autre paiement auquel vous êtes tenu en vertu du prêt hypothécaire, nous pouvons exercer un ou plusieurs des recours suivants, sans ordre prédéterminé :

i) vous intenter, s'il y a lieu, une action afin d'obtenir le remboursement du montant du prêt;

ii) exercer un droit de forclusion ou vendre le bien - Nous pouvons entamer une poursuite en vue d'obtenir une ordonnance de forclusion de vos droits, titre et droit de rachat sur tout ou partie de votre unité foncière. Si nous obtenons une ordonnance définitive portant forclusion, votre unité foncière deviendra de plein droit notre propriété.

Nous pouvons également nous adresser à un tribunal pour que soit ordonnée la vente de votre unité foncière. Le tribunal, s'il émet une telle ordonnance, surveillera le déroulement de la procédure. Le produit net de la vente sera affecté à la réduction du montant du prêt. Toute somme restante, une fois les créances réglées, vous sera remise. Si le produit de la vente ne couvre pas intégralement le montant du prêt, vous aurez à nous verser la différence.

iii) Pouvoir de vente - Lorsqu'un paiement est en souffrance depuis quinze jours, nous pouvons, moyennant un préavis de 35 jours, pénétrer dans vos locaux et :

a) en prendre possession;

b) vendre tout ou partie de votre unité (au comptant ou à crédit, ou partiellement au comptant et partiellement à crédit) par vente publique ou de gré à gré, au prix et aux conditions qu'il appartient de déterminer;

c) le donner en location, à des conditions et pour une durée qu'il nous appartient de déterminer;

d) exercer tout autre recours à notre disposition en vertu des lois de l'Ontario.

Tout avis vous sera signifié à vous et aux autres intéressés dans les formes requises par la loi au moment de la signification. En l'absence de telles exigences, notification peut vous être donnée de l'une ou plusieurs des façons suivantes :

- notification en personne à votre dernière adresse connue;
- envoi recommandé à votre dernière adresse connue;
- avis dans un journal publié dans le comté ou la localité où se trouve votre unité foncière;
- remise sur place à un adulte;
- affichage d'un avis sur votre propriété.

Après un retard de paiement de trois mois, nous sommes fondés à pénétrer dans vos locaux, à vendre ou louer votre propriété, sans vous adresser un préavis, sauf s'il est requis par la loi.

Le produit net de la vente peut être affecté en réduction du montant du prêt et tout solde restant, une fois les créances remboursées, vous sera remis. Si le montant que nous touchons de la vente ou de la location de votre unité foncière ne couvre pas entièrement le montant du prêt, vous aurez à nous verser la différence.

B. Manquement aux obligations, défaut de paiement compris - Si vous manquez aux obligations qui vous incombent aux termes du prêt hypothécaire (défaut de paiement explicité sous A compris), nous sommes fondés à exercer nos droits susmentionnés, à pénétrer dans votre propriété en tout temps, sans la permission de quiconque, et prendre toutes mesures que nous jugeons souhaitables aux fins suivantes :

- inspecter, louer, ou administrer votre propriété, et percevoir tous loyers;
- y réparer ou remettre en état tout bâtiment;
- y achever la construction de tout bâtiment.

Nous pouvons également prendre toutes mesures nécessaires pour prendre, recouvrer et conserver la possession de votre unité foncière.

C. Vente de biens (prêts hypothécaires commerciaux uniquement) -

Si le prêt en cause est un prêt hypothécaire commercial, en cas de non-paiement d'une mensualité à l'échéance, nous pouvons saisir vos marchandises. En d'autres termes, il nous est loisible de prendre ces marchandises et de les vendre, en tenant compte des lois de l'Ontario. Le produit net d'une telle vente peut être appliqué en réduction du montant du prêt. Une telle intervention ne peut nous mettre en possession de votre unité foncière, ni engager notre responsabilité à l'égard de sommes quelconques, sauf celles réellement perçues.

D. Aucune opposition de votre part - Vous vous abstiendrez de faire opposition à la prise de possession par nous de votre unité foncière (si cette prise de possession découle de l'exercice de nos droits précités), ainsi qu'à la prise de possession par des tiers, en cas de vente ou de location par nous ou par un syndic. Vous vous engagez, en pareil cas, à ne pas rechercher l'acquéreur, le locataire ou un syndic, ou quiconque pourra en faire l'acquisition ou la location par la suite.

E. Nos frais - Vous vous engagez à nous rembourser immédiatement tous les frais engagés pour faire valoir nos droits, notamment ceux engagés pour prendre ou garder possession de votre unité foncière, la rémunération des services du personnel de la Société hypothécaire Scotia et/ou de la Banque Scotia, nos frais juridiques sur une base client-avoué, et tous autres frais relatifs à la protection de nos droits en vertu du prêt hypothécaire.

F. Jugements - Au cas où un jugement serait rendu contre vous du fait de l'inobservation de vos obligations aux termes du prêt hypothécaire, il n'y aura pas alors confusion des droits découlant d'un tel jugement avec nos autres recours ou droits, aux fins d'assurer l'exécution de vos autres obligations en vertu de ce prêt. Nous continuerons d'avoir droit au paiement d'intérêts calculés sur le montant du prêt au taux qui lui est applicable, aux intervalles prévus aux termes du prêt hypothécaire. Les intérêts prévus en cas de jugement sont calculés aux mêmes conditions que ceux payables sur le montant du prêt; et ce, jusqu'à ce que le jugement ait cessé de produire ses effets.

18. EXERCICE DIFFÉRÉ DE NOS DROITS

Ni un délai de paiement ou une prorogation de la durée consenti à vous ou à une autre personne préalablement à l'exercice de nos droits aux termes de l'acte d'hypothèque et ni la conclusion d'un accord visé à l'article 21, n'aura une incidence sur nos droits énumérés ci-après :

a) recevoir tous paiements dont vous nous êtes redevable, lorsqu'ils sont dus et exigibles;
b) exiger le remboursement du montant du prêt et de tous intérêts échus, en cas de défaut de paiement de votre part;
c) exiger l'accomplissement des autres obligations qui vous incombent aux termes du prêt hypothécaire;
d) assurer le respect des obligations contractées envers nous par toute autre personne aux termes du prêt hypothécaire.

19. PRÊT HYPOTHÉCAIRE À LA CONSTRUCTION

Par amélioration il faut entendre toute modification, ajout ou réparation apporté à un bâtiment faisant partie de votre unité foncière, ou toute construction, aménagement ou installation, qui y est effectué. Si l'objet du prêt est de financer une telle amélioration, vous devez nous en informer par écrit immédiatement et avant le décaissement de toute avance aux termes de ce prêt. Vous nous remettrez également sans délai copies de tous contrats et contrats de sous-traitance ayant trait à ces travaux et de toutes dispositions modificatives s'y rapportant. Les travaux seront effectués uniquement selon des contrats, des plans et devis ayant reçu au préalable notre approbation écrite. Ces travaux de construction ou d'amélioration seront effectués avec toute la diligence possible et sur demande, vous nous fournirez tous documents justifiant du paiement de ces travaux. Nous vous consentirons des avances (à valoir sur le montant du principal) d'après l'avancement des travaux, jusqu'à l'achèvement et l'occupation ou la vente de votre unité foncière. Il nous appartient de déterminer si et à quel moment il y a lieu de verser des avances. Quel que soit l'objet du prêt, nous pouvons, si nous le jugeons à propos, faire une retenue sur le montant des avances, jusqu'à ce que nous ayons la certitude que vous vous êtes conformé aux dispositions relatives aux retenues contenues dans la Loi sur le privilège dans l'industrie de la construction, et dans toute version modifiée de cette loi. Vous nous autorisez à fournir des renseignements concernant le prêt hypothécaire à toute personne bénéficiant d'un privilège du constructeur.

20. MAINLEVÉE DE L'HYPOTHÈQUE SUR VOTRE UNITÉ FONCIÈRE

Nous pouvons fixer les conditions pour la mainlevée de nos droits sur tout ou partie de votre unité foncière (nous pouvons en d'autres termes la libérer totalement ou partiellement de cette charge), que nous ayons ou non reçu valable contrepartie. En cas de libération partielle de votre unité foncière, la partie restante continuera de garantir le montant du prêt. Nous n'avons à rendre compte que des sommes effectivement perçues.

Au cas où il y aurait lotissement de votre unité foncière avant l'extinction de nos droits en vertu de l'hypothèque, chaque parcelle garantira l'intégralité du montant de notre créance, même en cas de mainlevée applicable à une autre partie de votre unité foncière.

Si une partie de votre unité foncière, ou toute propriété adjacente à votre unité foncière, fait l'objet d'une expropriation ou d'une autre action semblable, la contrepartie totale à laquelle vous pourriez avoir droit pourra, à notre gré, être appliquée

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à la réduction du solde ou du prêt hypothécaire, incluant toute pénalité, tous frais ou intérêts auxquels nous avons droit aux termes du prêt hypothécaire en cours ou en vertu des lois applicables.

Nous avons la liberté de vous décharger, de même que tout garant ou toute autre personne, de l'exécution de toute obligation stipulée dans le document hypothécaire ou dans tout document constitutif de garantie, sans que soit libérée de l'hypothèque ou de toute autre sûreté une part quelconque de l'unité foncière. Une telle décharge ne s'étendra pas aux autres personnes ayant contracté des obligations aux termes du prêt hypothécaire.

21. RENOUVELLEMENT OU MODIFICATION DU PRÊT HYPOTHÉCAIRE

Nous pouvons passer des conventions écrites avec vous (ou avec toute personne à qui votre unité foncière est transférée) afin d'apporter aux conditions du prêt hypothécaire des modifications telles que la prorogation des délais de paiement, le renouvellement ou la prolongation de la durée, la modification du taux d'intérêt, etc. Que votre unité foncière soit grevée ou non par une autre charge au moment de la passation de la convention, l'enregistrement d'un tel acte modificatif ne sera pas requis pour maintenir le rang prioritaire de l'hypothèque sur tout autre instrument enregistré après l'octroi du prêt. Toute référence dans le présent document au prêt hypothécaire s'entend du prêt hypothécaire tel que modifié par une telle convention.

22. DISPOSITIONS RELATIVES AUX CONDOMINIUMS

Si votre unité foncière est une partie privative d'un condominium, vous devez respecter les modalités énoncées dans le présent article 22, en plus des autres dispositions du présent document (à l'exception de celles qui figurent à l'article 12).

Dans le présent article, la Loi sur les condominiums, y compris toutes dispositions nouvelles ou modifiées de cette loi, est désignée la **Loi**. Les termes utilisés ci-après ont le sens qui leur est attribué dans la Loi, sauf que l'expression **propriété condominiale** a le même sens que le terme «bien» utilisé dans la Loi.

A. Vous vous engagez à vous conformer aux dispositions de la Loi, ainsi qu'à la déclaration, au règlement administratif et aux règles de l'association condominiale visant votre unité foncière, et à nous fournir, sur demande, des preuves que vous respectez ces exigences.

B. Vous règlerez à l'association condominiale, aux dates d'échéance, le montant des dépenses communes. Si, par ailleurs, nous exerçons notre droit de percevoir de vous votre quote-part de ces dépenses, vous nous en ferez tenir le montant, au reçu d'un avis de notre part à cet effet. Nous pouvons nous fonder sur un relevé présumément émis par l'association condominiale comme d'une preuve suffisante du montant des dépenses communes et de leur date d'échéance.

C. Vous nous ferez parvenir tous avis, évaluations, règlement administratif, règles et états financiers que l'association condominiale peut ou doit vous adresser.

D. Vous veillerez à tenir en bon état les améliorations apportées à votre unité et à y effectuer, s'il y a lieu, les réparations nécessaires.

E. Assurances - Indépendamment des assurances que doit souscrire l'association, vous êtes tenu :

i) d'assurer les améliorations apportées par vous-même ou les précédents propriétaires à votre unité;

ii) de souscrire une assurance pour les risques supplémentaires que nous pouvons vous indiquer;

iii) de tenir assurés vos droits indivis ou autres dans les immeubles en copropriété (actuels ou futurs, au stade de la construction et par la suite), qui font partie de la propriété condominiale ou des actifs de l'association condominiale, si celle-ci néglige de le faire ou si nous vous donnons des instructions à cet effet;

iv) de faire cession à notre profit de vos polices d'assurance et (dans les limites permises par la loi) de vos droits sur les polices souscrites par l'association;

v) de nous fournir une preuve que l'assurance est en vigueur, ainsi qu'un justificatif du renouvellement ou du remplacement de l'assurance, dans les quinze jours qui précèdent son expiration ou sa résiliation;

vi) d'accomplir toutes les formalités nécessaires pour assurer le paiement de l'indemnité prévue.

Les polices d'assurance souscrites par vous (et par l'association) doivent être conformes aux règles suivantes :

- votre unité condominiale doit être assurée contre les dommages ou la destruction causés par l'incendie, et contre tous autres risques stipulés par nous à la pleine valeur de remplacement (montant maximum de la couverture) en dollars canadiens;
- la compagnie d'assurances et les modalités de la police doivent avoir notre agrément.

À défaut de votre part d'assurer votre unité condominiale en accord avec les dispositions du présent article 22, nous pouvons, sans y être tenus, souscrire à votre place les assurances requises, et vous nous rembourserez aussitôt les primes s'y rapportant. Vous nous fournirez, en cas de sinistre, les preuves requises, et vous accomplirez les formalités nécessaires pour nous permettre d'obtenir le paiement de l'indemnité. Vous ferez en sorte que l'association condominiale s'acquitte de ses charges et obligations aux termes de la **Loi sur les condominiums** et de son règlement administratif.

Le produit de l'assurance peut, dans les limites permises par la loi, être imputé en totalité ou en partie comme suit :

a) être affecté à la reconstruction ou à la réparation de l'unité;

b) vous être versé;

c) être versé à toute autre personne propriétaire ou ex-propriétaire de l'unité, selon ce qu'indique le titre de propriété;

d) être affecté, si nous le jugeons à propos, à la réduction d'une partie du montant du prêt, qu'il soit ou non arrivé à échéance.

F. Frais supplémentaires à votre charge - Outre les charges afférentes à nos autres droits et recours aux termes du prêt hypothécaire, vous aurez à nous régler sans délai les frais engagés par nous du fait :

- de tout règlement administratif, de toute résolution, règle ou autre point (sauf dans le cas où un vote de la majorité présente à l'assemblée est requis);
- de l'exercice de nos droits pour obtenir de l'association ou de tout propriétaire l'adhésion à la loi, à la déclaration, au règlement administratif et aux règles;
- de l'exercice de tout droit de vote dont nous pouvons disposer.

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Lorsque nos frais concernent également d'autres unités, vous n'aurez à acquitter que les frais applicables à la vôtre.

G. Droits de vote et autres droits - Vous nous autorisez à exercer, aux termes de la Loi, votre droit de vote pour ou contre la question mise aux voix. Nous sommes également autorisés à exercer vos droits aux fins suivantes :

- exiger de l'association qu'elle rachète votre unité et vos droits indivis, lorsque la Loi le permet;
- faire évaluer votre unité et vos droits indivis ou la propriété condominiale par voie d'arbitrage;
- recevoir votre part de l'actif de l'association et le produit de la vente de votre unité et de vos droits indivis ou de la propriété condominiale ou une quelconque des parties communes.

Vous pourrez exercer vos droits, selon les instructions que nous pourrons vous donner, si nous choisissons de ne pas les exercer. Avant une telle intervention de votre part, vous obtiendrez au préalable notre autorisation écrite. Une telle autorisation est requise même si nous ne disposons pas vis-à-vis de l'association d'un tel droit d'intervention, et même si nous avions déjà pris des mesures pour vous permettre d'exercer ce droit.

Aucun acte accompli par nous en application des dispositions du présent article n'aura pour effet de nous mettre en possession de votre propriété condominiale. Nous ne nous tenons nullement responsables des actes autorisés par vous que nous pourrions accomplir ou du défaut d'exécution de tels actes. Nous pouvons en tout temps révoquer les dispositions prises par nous pour vous permettre d'exercer vous-même les pouvoirs que vous nous aviez délégués.

H. Nos autres droits en vertu du prêt hypothécaire - Vous nous autorisez de plus à :

i) inspecter votre propriété condominiale à tout moment jugé raisonnable;

ii) y effectuer des travaux de réfection ou de réparation au cas où elle subirait des dommages;

iii) examiner les registres de l'association;

iv) intervenir au cas où vous négligeriez d'observer les dispositions de la Loi, de la déclaration, du règlement administratif et des règles de l'association.

I. Exigibilité anticipée du montant du prêt - Le montant du prêt peut, à notre gré, devenir payable immédiatement dans les circonstances suivantes :

i) l'association omet de se conformer à la Loi, à la déclaration, au règlement administratif et aux règles de ladite association;

ii) l'association néglige :

- de tenir assurées les unités condominiales et les parties communes conformément aux dispositions de la Loi et aux exigences supplémentaires que nous pouvons fixer;
- d'assurer ses éléments d'actif, sur notre demande et selon nos stipulations;
- de nous fournir, sur demande de notre part, une preuve que l'assurance est en vigueur;
- d'accomplir les formalités requises pour obtenir de la compagnie d'assurances, le cas échéant, le paiement de l'indemnité;

iii) l'association ne s'acquitte pas, à notre avis, de la gestion de la propriété condominiale et des éléments d'actif, comme il convient;

iv) l'association omet de tenir ses éléments d'actif en règle et en bon état de fonctionnement;

v) l'association apporte aux parties communes ou à ses éléments d'actif des modifications importantes sans avoir obtenu au préalable notre autorisation;

vi) les propriétaires ont subi des dommages substantiels et votent en faveur de la dissolution de la propriété condominiale;

vii) la vente de la propriété condominiale ou d'une part des parties communes est autorisée;

viii) un tribunal émet une ordonnance recommandant que la propriété condominiale cesse d'être régie par la Loi;

ix) la propriété condominiale cesse d'être régie par la Loi.

Le fait d'avoir voté pour ou consenti à une telle dissolution, à la vente ou à une ordonnance de vendre la propriété condominiale, ou le retrait de l'association de l'autorité de la Loi, n'auront aucune incidence sur l'intégrité de nos droits.

J. Dissolution de l'association - Au cas où votre propriété condominiale cesserait d'être régie par la Loi :

- les conditions du prêt hypothécaire continueraient de s'appliquer;
- vous nous autorisez à conclure un accord avec un tiers sur le partage de la propriété condominiale. Nous paierons ou percevrons toute somme requise pour assurer un partage égal et vous nous rembourserez aussitôt toute somme que nous aurons ainsi déboursée. Nous sommes habilités à exécuter tous documents et à accomplir tous actes nécessaires à la réalisation de ce partage;
- vous nous remettrez une somme égale à votre part des éléments d'actif et au produit de la vente de votre unité et des intérêts communs, ou de la propriété condominiale ou d'une part des éléments communs (sauf notification contraire de notre part formulée par écrit) et vous prendrez toutes mesures nécessaires à cette fin);
- les sommes ainsi encaissées par nous (déduction faite de nos frais) peuvent être affectées en réduction du montant du prêt, et remise vous sera faite de tout solde résiduel après paiement intégral de notre créance.

23. QUITTANCE

À notre choix, lorsque nos droits sur l'unité foncière prennent fin, nous préparons, signons et publions une quittance complète de notre créance et vous remettons une confirmation de quittance, ou nous préparons et vous remettons une mainlevée de la charge/l'hypothèque immobilière dûment signée mais non publiée. Vous devez nous accorder un délai suffisant pour la préparation, l'examen, la signature et la publication de la quittance et acquitter les frais courants que nous exigeons pour la préparation, l'examen et la signature d'une quittance, et si nous choisissons de publier la quittance de notre créance, les frais courants que nous exigeons pour la publication d'un tel document ainsi que tous les frais juridiques et autres que nous avons engagés pour la quittance complète de notre créance. Si nous vous fournissons une mainlevée de la charge/l'hypothèque, les formalités et les frais de publication des documents ainsi que tous les frais connexes vous incombent.

Lorsque nos droits sur l'unité foncière prennent fin, et si vous nous demandez de céder le prêt hypothécaire, nous vous préparons une cession de prêt hypothécaire. Vous devez nous accorder un délai suffisant pour la préparation, l'examen et la signature du document et nous payer les frais courants que nous exigeons pour la préparation, l'examen et la signature du document ainsi que tous nos frais juridiques et autres que nous avons engagés à cette fin. Les formalités et les frais de publication de la cession vous incombent.

24. INTITULÉS

Les intitulés sont destinés à faciliter la lecture du texte et n'en font pas partie intégrante.

25. PARTIES LIÉES AUX TERMES DU PRÊT HYPOTHÉCAIRE

Vous convenez de vous conformer à toutes les conditions et obligations explicitées dans l'acte de prêt hypothécaire, lequel liera également vos héritiers, successeurs et ayants droit, et toute personne à qui votre unité foncière aura été transférée. Il engage également tout bénéficiaire d'une cession effectuée à notre initiative. Les personnes qui apposent leur signature sur ce document à titre de constituant sont responsables collectivement et individuellement (c'est-à-dire conjointement et solidairement) de l'accomplissement des obligations contractées en vertu du prêt hypothécaire.

26. EXCLUSION DE CERTAINES DISPOSITIONS LÉGALES

Les obligations énoncées à l'article 7 (1) de la Loi portant réforme de l'enregistrement immobilier, 1984, et dans les dispositions nouvelles ou modificatives s'y rattachant, ne font pas partie intégrante des obligations contractées aux termes du prêt hypothécaire.

27. CAUTIONNEMENT

Dans le présent article, le terme **garant** désigne toute personne ayant signé le document hypothécaire à titre de garant. Le terme **constituant** désigne la ou les personne(s) qui y a (ont) apposé sa (leur) signature à ce titre et le terme **unité foncière** désigne le bien grevé par l'hypothèque.

En contrepartie du prêt consenti par nous au constituant, le garant ayant apposé sa signature sur le document hypothécaire, garantit le paiement des versements à la charge dudit constituant (intérêts compris et qu'il y ait ou non modification du taux d'intérêt) et l'observation de ses autres obligations aux termes du prêt. Au cas où le constituant omettrait d'acquitter un versement ou de s'acquitter de quelque obligation aux termes du prêt hypothécaire, le garant s'oblige à se substituer à celui-ci pour le règlement de tout versement impayé et l'accomplissement de telles obligations. S'il y a pluralité de garants, ceux-ci sont collectivement et individuellement (conjointement et solidairement) responsables avec le constituant et avec chacun d'eux, de l'ensemble des obligations contractées en vertu du prêt hypothécaire.

Sans que la responsabilité du garant soit de quelque façon réduite, sans obtenir son consentement et sans lui donner de préavis, nous pouvons :

- accorder des délais de paiement et des prorogations de la durée du prêt, renouvellements du prêt et de sa durée compris;
- majorer le taux d'intérêt applicable au prêt hypothécaire, pendant la durée initiale et toute durée subséquente;
- détacher de la garantie hypothécaire ou de toute autre sûreté la totalité ou une partie de l'unité foncière;
- prendre à l'égard du constituant ou d'une autre personne (y compris un garant), de toute sûreté (garantie hypothécaire comprise) ou de l'unité foncière, toute mesure jugée opportune, notamment la libération, la réalisation ou le remplacement de tout bien que nous détenons en garantie;
- renoncer à toute condition du prêt hypothécaire ou modifier certaines de ses modalités au cours de sa durée initiale ou d'une durée subséquente;

et ce, soit antérieurement, soit postérieurement à toute demande de paiement faite à quiconque, sans porter atteinte à l'intégrité du cautionnement. Pour obtenir le paiement de notre créance, nous sommes fondés à nous adresser en premier à tout garant plutôt qu'au constituant ou à toute autre personne (y compris un garant), et à faire valoir nos droits au titre de toute sûreté (l'hypothèque comprise). Les obligations de tout garant engagent également ses successeurs et ayants droit.

Dated this 26th day of January, 2006

Craig Liddle
Assistant General Manager
Scotia Mortgage Corporation
I have the authority to bind the corporation.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200608 Cote

is is the French version of the standard charge terms filed under number 200604.
presente liste consitiue la version francaise des clauses types de charge déposées sous
e 200604.

cument déposé par la Societe hypothecaire Scotia
te des clauses types relatives aux charges hypothécaires suivante doit être réputée être
rise dans tout acte de charge dans lequel il est fait reference à la liste des clauses types sous
ote qui lui est attribuée, tel qu'il est-stipulé à l article 9 de la Loi.

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Filing Date February 2nd/06 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Charge ou prêt hypothécaire à taux et à versements variables
(Loi sur l'enregistrement des droits immobiliers
et Loi sur l'enregistrement des actes)

Loi portant réforme de l'enregistrement immobilier

LISTE DE CLAUSES TYPES RELATIVES AUX CHARGES HYPOTHÉCAIRES N°

1. DÉFINITIONS

Dans la présente Liste des clauses types de la charge, prêt hypothécaire désigne, pour le système d'enregistrement sur papier, l'Acte de charge (Hypothèque) (Formule 2), ou pour le système d'enregistrement électronique, la charge préparée sous forme électronique et enregistrée électroniquement suivant les dispositions de la Loi portant réforme de l'enregistrement immobilier (avec ses modifications ou remplacements), les annexes qui l'accompagnent et la présente Liste de clauses types de la charge. Les termes **vous** et **votre** désignent chacune des personnes y ayant apposé leur signature à titre de constituant. Les termes **nous** et **notre** désignent la Société hypothécaire Scotia, à titre de titulaire. Le terme **votre unité foncière** désigne le bien-fonds décrit sous Description ou sous Unités foncières dans le prêt hypothécaire, tous les bâtiments qui y sont ou pourront dans l'avenir y être construits, ainsi que tous ajouts, modifications et améliorations dont ils pourront faire l'objet. Le terme **montant du principal** désigne le montant indiqué comme Capital dans le prêt hypothécaire. Par **montant du prêt**, il faut entendre le montant variable du solde du prêt (intérêts compris) dont vous nous êtes redevable à une date quelconque au titre du prêt hypothécaire. Toute référence à la signature d'un document s'entend également d'une signature électronique.

Toute référence à la signature du prêt hypothécaire s'entend des signatures apposées sur l'Acte de charge (Hypothèque) (Formule 2) ou sur toute annexe s'y rattachant, ou sur une Attestation et instructions ou sur toute annexe s'y rattachant pour enregistrement électronique. Toute référence aux alinéas s'entend de ceux qui figurent dans le présent document.

Si le prêt hypothécaire en cause est un prêt hypothécaire assuré par la SCHL, il est consenti aux termes de la **Loi nationale sur l'habitation.**

2. OBLIGATIONS DÉCOULANT DU PRÊT HYPOTHÉCAIRE

En contrepartie de l'octroi par nous d'un prêt du montant en principal (dont, en apposant votre signature au bas du document hypothécaire, vous accusez réception), vous vous engagez comme suit :

i) si vous êtes propriétaire de votre unité foncière, à la grever d'une charge à notre profit et à celui de nos successeurs et cessionnaires (**nos ayants droit**);
ou
ii) si vous êtes locataire de l'unité foncière que vous habitez, à grever d'une charge vos droits dans cette unité foncière (toute option d'achat comprise) à notre profit et celui de nos ayants droit, pour la durée complète du bail;

à titre de garantie pour le remboursement du montant du prêt hypothécaire et l'exécution de vos autres obligations aux termes de ce prêt. Ce faisant, vous nous cédez, ainsi qu'à tout bénéficiaire d'un transfert éventuel de la charge, vos droits dans l'unité foncière.

Extinction de la garantie hypothécaire :

Notre intérêt dans l'unité foncière prend fin :

- lorsque le montant du prêt (intérêts compris) est remboursé intégralement, conformément aux dispositions du document hypothécaire; et
- que les autres obligations également prévues aux termes de ce document ont été remplies.

3. INTÉRÊTS

A. Taux d'intérêt

Le taux d'intérêt applicable au montant du prêt est un taux variable, exprimé en taux annuel, équivalant à notre taux de référence du prêt hypothécaire à taux variable, plus/moins le nombre de points de base par année désigné Taux d'intérêt dans le prêt hypothécaire. Notre taux de référence du prêt hypothécaire à taux variable varie périodiquement en fonction du taux de base de la Banque Scotia.

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arque déposée de La Banque de Nouvelle-Écosse. La Société hypothécaire Scotia est un usager autorisé de cette marque.

Les intérêts sont calculés semestriellement, non d'avance. Les intérêts au taux variable fixé sont payables sur le montant du prêt, tant après qu'avant la date du dernier versement, de défaillance de l'emprunteur et de jugement. Le taux d'intérêt variera automatiquement en fonction du taux de base de La Banque Scotia. Lorsque le présent prêt hypothécaire fait référence au taux d'intérêt payable sur le montant du prêt, l'expression désigne le taux de référence du prêt hypothécaire à taux variable plus/moins le nombre de points de base par année indiqué à l'annexe et payable conformément aux dispositions susmentionnées.

Comment connaître le taux d'intérêt

Après chaque modification du taux de référence du prêt hypothécaire à taux variable, nous vous enverrons par la poste un avis spécifiant le nouveau taux d'intérêt, sa date d'entrée en vigueur et le nouveau montant de vos versements. L'avis sera envoyé à la dernière adresse connue qui figure dans nos dossiers dans les 30 jours suivant la modification du taux d'intérêt. Toutefois, notre défaut de vous faire parvenir un avis ou le fait que vous ne l'ayez pas reçu n'empêchera pas la variation du taux. Le taux de référence du prêt hypothécaire à taux variable en vigueur à tout moment peut être obtenu à toute succursale de la Banque Scotia au Canada ou sur le site www.banquescotia.com.

B. Intérêts composés

Si à la date d'échéance d'une mensualité, vous omettez d'acquitter le montant dû, nous vous imputerons des intérêts sur le montant en souffrance (intérêts compris), jusqu'à son complet remboursement. Ces intérêts, sont dits composés et sont payables aux mêmes dates que les versements mensuels. Nous percevons également de l'intérêt sur l'intérêt composé échu, au taux applicable au montant du prêt, jusqu'à complet remboursement, tant avant qu'après la date du dernier versement, et tant avant qu'après défaillance de l'emprunteur et jugement.

C. Prêt hypothécaire à la construction à avances échelonnées

Si vous avez un prêt hypothécaire à la construction à avances échelonnées, le taux d'intérêt annuel qui s'appliquera à votre prêt au cours de la période de construction sera un taux variable correspondant au taux de base de la Banque Scotia, majoré de 1 %. Exigibles mensuellement, les intérêts seront calculés semestriellement, non d'avance. Le taux d'intérêt sur votre prêt sera rajusté, sans qu'un préavis vous soit envoyé, le jour même de toute fluctuation du taux de base de la Banque Scotia. Le taux de base en vigueur à tout moment peut être obtenu à toute succursale de la Banque Scotia au Canada.

La période de construction commence à la date de la première avance du prêt hypothécaire et prend fin à la première des dates suivantes : 9 mois plus tard ou date à laquelle au moins 75 % des fonds du prêt auront été décaissés.

4. REMBOURSEMENT DU PRÊT

A. Monnaie et lieu de paiement

Le montant du prêt est payable en monnaie canadienne. Les mensualités et autres paiements seront effectués à la succursale dont l'adresse figure en tant que domicile élu du (des) titulaire(s) dans le prêt hypothécaire ou à tout autre lieu que nous vous aurons indiqué. Les modalités de paiement sont les suivantes :

B. Intérêts exigibles avant la date d'exigibilité du premier versement

Avant la date de début de vos versements mensuels, vous nous paierez des intérêts au taux applicable au montant du prêt, calculé semestriellement, non d'avance, sur tous les fonds que nous vous aurons avancés.

Si plus d'un mois s'écoule à partir de la date de l'avance jusqu'à la date où le premier paiement est exigible, vous devrez payer des intérêts séparément pour ladite période. À notre gré, les intérêts seront exigibles et payables un mois avant la date du premier versement mensuel ou à la date d'exigibilité du premier versement, ou encore ils pourront être prélevés sur des avances ultérieures. Nous pouvons également vous demander de payer ces intérêts mensuellement avant que nous n'établissions la date d'exigibilité du premier versement.

C. Échéance des versements après la date d'ajustement de l'intérêt

Le montant du principal, majoré des intérêts calculés à compter de la date d'ajustement de l'intérêt, est remboursable sous forme de **versements mensuels**.

Vous nous rembourserez le prêt au moyen de versements mensuels réguliers. Vos versements mensuels, basés sur le taux d'intérêt désigné Taux d'intérêt dans le prêt hypothécaire, correspondront au montant désigné Montant des versements ou Versement dans le prêt hypothécaire. Le montant de vos paiements variera automatiquement en fonction de chaque modification du taux de référence du prêt hypothécaire à taux variable. Chaque ajustement de paiement tiendra compte de la durée d'amortissement restante et du nouveau taux d'intérêt à la date de la modification. Chaque fois qu'il y a une modification du taux d'intérêt et du montant du paiement, nous vous posterons un avis comme il est indiqué à l'alinéa 3A. Si aucune modification n'est apportée au taux de référence du prêt hypothécaire à taux variable, le montant de vos paiements ne sera pas modifié et nous ne vous enverrons pas d'avis. Chaque versement mensuel comprend une tranche affectée au remboursement du principal et une tranche affectée au remboursement des intérêts courus à la date d'échéance de ce versement.

Vos versements mensuels commenceront à la date désignée Date du versement initial dans le prêt hypothécaire et continueront chaque mois subséquent, pour prendre fin à la date désignée Date du dernier versement dans le prêt hypothécaire. Chacune des dates susmentionnées est dite date de versement mensuel.

Le solde du montant du principal ainsi que les intérêts échus sont payables à la date désignée Date du dernier versement dans le prêt hypothécaire.

D. Imputation des versements mensuels

Chaque versement mensuel sera d'abord affecté au paiement des intérêts exigibles, puis à la réduction du montant du principal.

E. Paiement anticipé à la vente ou à la constitution d'une hypothèque

Nous pouvons exiger que vous nous remboursiez sur-le-champ tous les montants que vous nous devez aux termes du prêt hypothécaire si vous vendez, transférez, hypothéquez votre propriété ou y inscrivez une charge. Cette disposition ne s'applique pas à une vente, à un transfert, à une hypothèque ou à une charge que nous aurions préalablement approuvés par écrit. Si nous approuvons la vente ou le transfert ou la constitution d'une hypothèque ou d'une charge et n'exigeons pas que vous nous remboursiez immédiatement tous les montants que vous nous devez aux termes du présent prêt hypothécaire, vos obligations à notre égard aux termes du présent prêt hypothécaire et nos droits contre vous ou un tiers tenu de rembourser l'argent qui nous est dû aux termes du présent prêt hypothécaire demeurent inchangés.

F. Prêt hypothécaire à la construction à avances échelonnées

Si vous avez un prêt hypothécaire à la construction à avances échelonnées, vous effectuerez, tous les mois au cours de la période de construction, des versements en intérêts seulement dont le premier sera exigible un mois après la date de la première avance. Chaque fois que notre taux de base sera modifié, le montant de ces versements en intérêts seulement sera automatiquement rajusté (ainsi que le mentionne l'alinéa 3C des présentes) en fonction du montant en capital déjà avancé. Votre dernier versement en intérêts seulement sera exigible à la première des dates suivantes : date du dernier versement désignée Date du dernier versement dans le prêt hypothécaire, 9 mois après la date de la première avance sur votre prêt ou date à laquelle au moins 75 % des fonds du prêt auront été décaissés. À cette date, le solde du prêt, majoré de tous les intérêts courus, devra être intégralement remboursé, à moins que le prêt ne soit converti selon les modalités décrites ci-après.

Si 75 % des fonds de votre prêt à la construction à avances échelonnées n'ont pas été décaissés au plus tard à la fin de la période de construction de neuf mois, nous pouvons, à notre gré :

1. convertir votre prêt hypothécaire comme il est décrit ci-dessous
2. continuer à percevoir l'intérêt seulement pour une période de temps déterminée
3. exiger le remboursement complet du solde du prêt et de tous les intérêts

Convertibilité du prêt

Lorsqu'au moins 75 % des fonds de votre prêt auront été décaissés (à condition que cela se produise dans les 9 mois qui suivent la première avance), nous établirons une nouvelle date de début du prêt et convertirons le prêt selon la durée, le type de taux et le calendrier de remboursement que vous avez choisis, compte tenu du montant intégral en principal indiqué dans le Contrat de crédit à un particulier ou dans tout accord modifiant ce contrat. Nous vous fournirons à cet égard un avis de confirmation qui énoncera notamment le taux d'intérêt applicable à votre prêt hypothécaire, le montant des versements en capital et intérêts, la date de début du prêt et sa date d'échéance.

5A. REMBOURSEMENT D'UN PRÊT HYPOTHÉCAIRE AVANT L'ÉCHÉANCE

Vous pouvez rembourser une partie ou la totalité de votre prêt hypothécaire par anticipation selon les modalités suivantes. Si nous convenons plus tard de modifier ou de proroger la durée du prêt, les conditions relatives au remboursement anticipé ne s'appliqueront pas à la nouvelle durée ou au prêt ainsi prorogé.

Remboursement anticipé

Si tous vos versements hypothécaires sont en règle, vous pouvez augmenter le montant de vos versements, ou rembourser par anticipation une partie de votre prêt selon l'une des trois options indiquées dans le tableau ci-après. Ces options s'appliquent uniquement aux remboursements anticipés partiels et peuvent être exercées chaque année, mais sans possibilité de report à une année ultérieure. Une année désigne une période de 12 mois commençant à la date d'ajustement de l'intérêt ou à la date anniversaire de cette date. Si la durée du prêt hypothécaire est inférieure à 12 mois, ces options peuvent être exercées au cours de chaque durée.

OPTIONS DE REMBOURSEMENT ANTICIPÉ		
Comment	Quand	Résultat
1. *En effectuant un versement hypothécaire supplémentaire (capital, intérêts et impôt foncier)	à n'importe quelle date de versement régulier.	le solde en principal de votre prêt hypothécaire est réduit de ce montant.
2. *En remboursant jusqu'à 15 % du montant initial en capital de votre prêt hypothécaire	n'importe quand (sauf le jour du remboursement intégral), la somme totale ne devant pas excéder le maximum annuel.	
3. En augmentant votre versement régulier d'un montant n'excédant pas 15 % du versement en capital et intérêts établi pour la durée du prêt hypothécaire	une fois chaque année de la durée de votre prêt hypothécaire.	

*Seules les options 1 et 2 permettent d'omettre un versement.

Frais de remboursement anticipé

Lorsque vous remboursez par anticipation la totalité ou une partie de votre prêt hypothécaire, vous devez payer des frais, à moins que le remboursement partiel n'ait été effectué conformément à notre tableau des Options de remboursement anticipé. Les frais applicables à un remboursement anticipé, partiel ou intégral, du solde en principal de votre prêt hypothécaire correspondent à trois mois d'intérêt sur le montant du remboursement anticipé. Le taux d'intérêt utilisé aux fins du calcul des trois mois d'intérêt est le taux du prêt hypothécaire au moment du remboursement anticipé.

Prêt hypothécaire transférable

Vous avez la possibilité de transférer le solde de votre prêt hypothécaire sur une nouvelle maison. Il vous faut alors présenter une nouvelle demande de prêt et satisfaire de nouveau à tous nos critères habituels en matière de crédit hypothécaire. Dans ce cas, nous ne vous facturerons pas de frais de remboursement anticipé.

Renouvellement anticipé

Vous pouvez renouveler avec nous par anticipation votre prêt hypothécaire en prêt hypothécaire fermé à taux fixe assorti d'une durée égale ou supérieure à la durée restante de votre prêt actuel, sans frais de remboursement anticipé.

Option Temps d'arrêt

Vous pouvez omettre d'effectuer n'importe quel versement pourvu que vous ayez fait, pendant la durée du prêt en cours, un remboursement anticipé d'un montant égal au versement que vous désirez omettre et que votre prêt hypothécaire ne soit pas en souffrance. Toutefois, vous ne pouvez omettre, le cas échéant, de payer la prime d'assurance hypothécaire.

Maintien de vos obligations

À moins que vous n'ayez remboursé intégralement le solde en principal de votre prêt, vous devez continuer à acquitter régulièrement vos versements hypothécaires.

Prêt hypothécaire à la construction à avances échelonnées

Si vous avez un prêt hypothécaire à la construction à avances échelonnées, le présent alinéa 5A ne s'applique pas à votre prêt durant la période de construction.

B. Remise en espèces

Si vous obtenez une remise en espèces au moment de l'octroi de votre prêt hypothécaire, le montant de cette remise devra nous être remboursé si le prêt est transféré à une autre institution financière avant l'échéance. Si le prêt est remboursé partiellement ou intégralement, transféré, pris en charge ou renouvelé avant que sa durée originale ne soit écoulée, la remise en espèces s'ajoutera à la somme exigible qui sera inscrite sur la prise en charge, la quittance ou le document de renouvellement anticipé. La partie remboursable de la remise sera établie au prorata, selon la formule suivante :

$$\text{Remise remboursable} = \frac{\text{Durée restante en mois (chiffre arrondi au chiffre supérieur)}}{\text{Durée initiale en mois}} \times \text{Remise reçue}$$

6. DROIT DE PROPRIÉTÉ

A. À titre de propriétaire de votre unité foncière, vous attestez :

- i) être le propriétaire légitime de cette unité foncière;
- ii) être fondé en droit à nous consentir une hypothèque;
- iii) que votre titre de propriété est libre de toute charge;
- iv) que votre titre de propriété est libre de toute servitude, sauf les règles du code du bâtiment, les règlements relatifs au zonage et les servitudes régulièrement inscrites.

Les dispositions de l'alinéa A sont applicables, à moins que vous ne nous ayez informés par écrit que vous êtes locataire en vertu d'un bail de l'unité foncière que vous occupez; auquel cas les dispositions de l'alinéa B sont applicables.

B. À titre de locataire de l'unité foncière :

- i) Vous attestez que :
  - a) cette unité foncière a été prise en location par vous ou vos ayants droit en vertu d'un bail, dont copie nous a été remise;
  - b) le bail est en vigueur, a force probante et tous les renseignements que vous nous avez fournis à son sujet sont véridiques;
  - c) tous les loyers payables en vertu du bail ont été acquittés jusqu'à la date de signature du document hypothécaire;
  - d) vous avez le droit ou l'autorisation de céder, hypothéquer ou grever le bail;
  - e) l'intérêt que vous détenez dans le bail, sauf stipulations contraires dans ce document, n'est assujetti à aucune limitation, restriction ou charge, à l'exception des règles du code du bâtiment, des règles de zonage et des servitudes régulièrement inscrites.
- ii) Vous vous engagez :
  - a) à payer le loyer à l'échéance;
  - b) à respecter les autres conditions du bail et à vous abstenir de tout ce qui pourrait entraîner sa résiliation;
  - c) à ne pas rétrocéder le bail;
  - d) à ne pas modifier le bail sans avoir obtenu au préalable notre consentement écrit;
  - e) à nous remettre copie conforme de tout avis ou requête qui vous est adressé concernant le bail;
  - f) à nous aviser sans délai, au cas où votre propriétaire vous ferait part de la résiliation anticipée de votre bail ou prendrait des dispositions à cet effet.

C. Vous éviterez tout ce qui pourrait porter atteinte à nos droits sur votre unité foncière.

D. Vous signerez tous autres documents et accomplirez toutes formalités que nous jugeons nécessaires pour assurer le transfert à notre profit de vos droits dans l'unité foncière.

7. USAGE DE VOTRE UNITÉ FONCIÈRE

Vous n'apporterez à votre unité aucun ajout, aucune modification ni amélioration et éviterez de l'utiliser à des fins professionnelles sans avoir obtenu au préalable notre consentement écrit. Vous ne devez pas utiliser votre unité foncière à des fins illicites.

8. NOUS N'AVONS AUCUNE OBLIGATION DE VOUS VERSER DES AVANCES AUX TERMES DU PRÊT HYPOTHÉCAIRE

Nous pouvons, si nous le jugeons à propos, pour un motif quelconque, nous abstenir de vous verser la totalité ou une partie du montant du principal, même si le document hypothécaire est déjà rédigé, signé ou enregistré, et qu'une partie du principal ait été ou non décaissée. En apposant votre signature sur le document hypothécaire, vous nous cédez tous vos droits sur l'unité foncière. Vous nous rembourserez, sur demande, de tous nos frais engagés pour constater vos droits sur cette unité foncière et pour la rédaction et l'enregistrement du document hypothécaire.

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9. IMPÔTS ET TAXES

A. Vous acquitterez chaque mois, en même temps que le versement sur votre prêt une part du montant estimatif de **l'impôt foncier** payable sur votre unité foncière pour l'année qui suit. Fixé à un douzième du total de l'impôt foncier estimatif pour l'année considérée, le montant de cet impôt mensuel peut être rajusté pour tenir compte de toute modification apportée au taux d'imposition annuel applicable à votre unité foncière. La quote-part de l'impôt foncier ainsi acquitté mensuellement doit nous permettre de régler annuellement le montant intégral de votre impôt foncier au plus tard à la date d'échéance. Si votre impôt foncier est payable par versements, les paiements effectués mensuellement par vous à ce titre doivent nous permettre d'acquitter intégralement le total de vos versements au titre de l'impôt foncier au plus tard à la date d'échéance du premier versement.

B. Si, toutefois, un intervalle de moins d'un an sépare la date d'ajustement de l'intérêt de la date d'échéance annuelle des impôts fonciers ou de celle du premier versement à ce titre, vous nous paierez mensuellement des montants égaux durant cette période et au cours des douze mois qui suivront. Nous nous fonderons, pour fixer le montant de ces paiements mensuels, sur notre estimation du total des impôts fonciers payables pour les deux périodes, afin de nous permettre de percevoir de vous un montant suffisant pour régler intégralement ces impôts à leur échéance.

C. Vous nous réglerez également, sur demande, tout excédent des impôts fonciers sur le montant estimatif calculé par nous. Pour couvrir cet excédent, nous pouvons, si nous le jugeons à propos, majorer le montant acquitté par vous mensuellement à ce titre.

D. Le montant perçu par nous mensuellement sera affecté au paiement de vos impôts fonciers, sauf en cas de retard de paiement de votre part. Nous ne sommes nullement tenus de régler les impôts fonciers aux dates d'échéance ou plus d'une fois l'an. Nous acquitterons les impôts fonciers même si le montant reçu de vous est insuffisant, et votre compte d'impôts fonciers indiquera alors un solde débiteur, qui devra être immédiatement réglé. Nous n'avons pas à vous signaler que ce compte est débiteur.

E. Sur tout solde créditeur à votre compte d'impôts fonciers, des intérêts seront calculés à un taux d'intérêt non inférieur à celui versé par la Banque Scotia sur les comptes-chèques d'épargne ayant un même solde créditeur. Sur tout solde débiteur à votre compte d'impôts fonciers, des intérêts seront imputés au taux applicable au montant de votre prêt jusqu'au complet règlement de ce découvert.

F. À défaut de votre part d'acquitter tout montant qui nous est dû à l'échéance, nous pouvons prélever un tel montant sur les fonds en dépôt dans votre compte d'impôts fonciers.

G. Une somme peut être déduite du montant de la dernière avance payable au titre du principal du prêt pour assurer le règlement de tous les impôts fonciers payables jusqu'à la date d'ajustement de l'intérêt et non acquittés à cette date.

H. Vous nous transmettrez sans délai tous avis d'imposition, de cotisation, qui vous sont adressés.

10. PAIEMENTS EFFECTUÉS POUR VOTRE COMPTE

Il nous est loisible de libérer votre bien-fonds de tous privilèges, droits et charges qui, à notre avis, priment notre créance, et également d'acquitter les frais engagés par nous pour recouvrer les sommes non acquittées par vous à l'échéance, y compris les honoraires versés à notre avocat. Vous aurez à nous rembourser de tels frais dans les plus brefs délais.

Au cas où nous libérerions votre bien-fonds de tous privilèges, droits et charges, il y aura subrogation en notre faveur des droits, titres et sûretés de la personne physique ou morale, société ou agence gouvernementale qui aura été ainsi désintéressée par nous.

11. CESSION DES BAUX ET DES LOYERS

A. En cas de location actuelle ou éventuelle à des tiers de la totalité ou d'une partie de votre unité foncière, sur notre demande écrite, vous nous transférerez et céderez :

- i) tous baux, contrats de location et renouvellements s'y rapportant;
- ii) tous loyers et toutes sommes exigibles aux termes des baux et contrats de location. Nous pourrons, toutefois, vous autoriser à percevoir les loyers, pourvu que vos versements soient en règle et que vous vous soyez conformé à vos autres obligations en vertu du prêt hypothécaire;
- iii) tous droits afférents aux baux et aux contrats de location ayant une incidence sur l'unité foncière.

B. Vous acceptez de plus les conditions suivantes :

- i) vous obtiendrez notre consentement écrit avant de consentir de nouveaux baux ou de renouveler un bail en cours (sauf s'il s'agit d'un renouvellement prévu aux termes d'un bail déjà conclu);
- ii) aucune intervention de notre part aux termes du présent alinéa 11 ne pourra nous mettre en possession de votre unité foncière;
- iii) en cas de défaut de paiement de votre part, toutefois, nous sommes habilités à prendre possession de votre unité foncière;
- iv) nous n'avons aucune obligation de percevoir les loyers ou autres revenus ni de nous conformer aux conditions d'un bail ou d'un contrat de location.

12. ASSURANCES

Vous devez sans délai assurer et tenir constamment assurés à notre profit et jusqu'à libération de l'hypothèque, tous les immeubles grevés par cette hypothèque (y compris, tant pendant qu'après les travaux, ceux qui pourront être construits dans l'avenir) contre les risques de perte ou de dommages par incendie et autres risques habituellement couverts par les polices d'assurance-incendie et contre tous autres risques qu'il nous appartient de déterminer. Une telle assurance sera souscrite auprès d'un assureur ayant notre agrément, pour un montant en dollars canadiens correspondant à la valeur de remplacement de l'immeuble (montant maximum pouvant être souscrit). Établie dans des formes jugées par nous acceptables, cette assurance comportera les garanties annexes et une clause nous désignant comme bénéficiaire de l'indemnité en cas de sinistre. Vous nous transférerez, sur notre demande, toutes les polices d'assurance et quittances afférentes aux immeubles, ainsi que le produit de telles assu

À défaut de votre part :

- de tenir les immeubles assurés d'une façon que nous jugeons conforme aux instructions qui précèdent;
- de nous remettre, sur notre demande, toute police d'assurance ou toute quittance;
- de nous fournir, sur demande, au moins quinze jours complets avant la date d'expiration ou de résiliation d'une assurance, une preuve de renouvellement ou de souscription d'une nouvelle assurance,

nous pouvons, sans y être tenus, souscrire une assurance sur les immeubles hypothéqués et le montant de la prime d'une telle assurance s'ajoutera à la somme que vous nous devez aux termes du prêt hypothécaire et portera intérêt au taux applicable à celui-ci. Vous acquitterez cette prime à l'échéance de la mensualité la plus rapprochée. En cas de perte ou dommage, vous nous fournirez immédiatement, à vos frais, toutes les preuves du sinistre, et vous accomplirez toutes les formalités nécessaires pour nous permettre d'obtenir le paiement de l'indemnité. La remise à l'assureur d'un exemplaire du présent document constituera une autorisation suffisante lui permettant de nous verser le montant de cette indemnité ou d'accepter nos instructions relatives au règlement du sinistre.

À notre choix, le montant de l'indemnité peut en totalité ou en partie :

a) être affecté à la reconstruction ou à la réparation des immeubles endommagés;

b) vous être versé;

c) être versé à une autre personne propriétaire ou ex-propriétaire de l'unité foncière, selon ce qu'indique le titre de propriété inscrit;

d) être affecté à la réduction intégrale ou partielle du montant du prêt, qu'il soit ou non arrivé à échéance.

Si votre unité foncière est une partie privative d'une copropriété, les dispositions de la partie E de l'article 22 sont applicables mais non celles du présent article 12.

13. MAINTIEN DES LIEUX EN BON ÉTAT

Vous veillerez à maintenir les locaux en bonne condition et à y effectuer toutes les réparations nécessaires. Vous ne ferez et n'autoriserez personne à faire quoi que ce soit qui puisse diminuer la valeur de l'unité foncière. Nous pouvons en faire l'inspection à toute heure raisonnable. Au cas où nous jugerions que :

- vos locaux ne sont pas tenus en bon état;
- vous faites ou tolérez quoi que ce soit susceptible de diminuer la valeur de votre unité foncière;

nous pouvons effectuer les réparations que nous jugeons souhaitables. Vous nous rembourserez immédiatement tous frais d'inspections et de réparations engagés par nous.

14. DISPOSITIONS RELATIVES À L'ENVIRONNEMENT

Nous (et, aux fins du présent article, la Société canadienne d'hypothèques et de logement, s'il s'agit d'un prêt assuré par cette société) pouvons inspecter l'unité foncière et les bâtiments qui s'y trouvent, quand nous le jugeons à propos. Nous pouvons procéder à de telles inspections à toutes fins utiles, mais en particulier pour effectuer des analyses d'ambiance, des évaluations des lieux et les vérifications ou études que nous jugeons nécessaires. Les frais engagés pour de telles évaluations, vérifications ou études seront à votre charge et devront nous être remboursés dès réception d'un avis à cet effet. S'ils ne sont pas acquittés sur demande, ces frais s'ajouteront au solde de votre prêt et porteront intérêt au taux applicable à ce prêt. Aucune intervention de notre part en application des dispositions du présent article n'est assimilable à une prise de contrôle de votre unité foncière.

15. EXIGIBILITÉ ANTICIPÉE DU PRÊT

Nous pouvons exiger le paiement immédiat du montant du prêt dans les circonstances suivantes :

a) vous omettez d'acquitter une mensualité à l'échéance ou tout autre paiement dont vous nous êtes redevable aux termes du prêt;

b) vous ne remplissez pas certaines autres obligations contractées en vertu du prêt hypothécaire;

c) un privilège est inscrit à l'encontre de votre unité foncière ou nous sommes avisés par écrit qu'un privilège a été constitué en raison du non-paiement des impôts fonciers, des charges communes dans le cas d'un logement en copropriété ou condominium, d'un jugement, du privilège d'un constructeur ou d'autres charges semblables;

d) votre unité foncière est abandonnée;

e) des travaux de construction, d'agrandissement, de rénovation entrepris sur votre unité foncière demeurent inachevés, l'arrêt des travaux se poursuivant depuis trente jours consécutifs;

f) vous, ou un tiers utilisant votre unité foncière avec votre autorisation, utilisez votre unité foncière à des fins illicites.

16. NOMINATION D'UN SÉQUESTRE

Si vous omettez d'acquitter une mensualité à l'échéance ou tout autre paiement dont vous nous êtes redevable, ou de satisfaire aux obligations contractées aux termes du prêt hypothécaire, nous pouvons désigner par écrit un séquestre (y compris un séquestre-gérant) qui sera chargé de percevoir les revenus afférents à votre unité foncière. Nous pouvons également désigner par écrit un nouveau séquestre en remplacement de celui désigné par nous précédemment. Le séquestre est réputé être votre mandataire et non le nôtre et vous assumez la responsabilité de ses manquements.
Le séquestre est habilité :

- à exercer tout recours disponible (en votre nom ou au nôtre) en vue de percevoir les revenus afférents à votre unité foncière;
- à prendre possession de la totalité ou d'une partie de votre unité foncière;
- à l'administrer et à la conserver en bon état.

Sur les revenus perçus, le séquestre peut :

a) conserver une commission égale à 5 % du total des fonds perçus, ou d'un taux plus élevé autorisé par un juge ou un autre fonctionnaire public;

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b) conserver une somme suffisante pour acquitter les frais engagés pour percevoir ces revenus;

c) acquitter tous impôts et taxes, primes d'assurance, frais d'entretien de votre propriété, intérêts dus, toutes charges qui priment notre créance hypothécaire et intérêts connexes;

d) acquitter les intérêts qui nous sont dus en vertu du prêt hypothécaire et nous verser toute autre somme payable aux termes de ce prêt, qu'elle soit échue ou non.

Aucun acte du séquestre ne peut nous mettre en possession du bien-fonds ni nous oblige à rendre compte de quelque montant d'argent que ce soit sauf celui que nous avons effectivement reçu.

17. EXERCICE DE NOS DROITS

A. Défaut de paiement

En cas de non-paiement d'une mensualité à l'échéance ou de tout autre paiement auquel vous êtes tenu en vertu du prêt hypothécaire, nous pouvons exercer un ou plusieurs des recours suivants, sans ordre prédéterminé :

i) vous intenter, s'il y a lieu, une action afin d'obtenir le remboursement du montant du prêt;

ii) exercer un droit de forclusion ou vendre le bien - Nous pouvons entamer une poursuite en vue d'obtenir une ordonnance de forclusion de vos droits, titre et droit de rachat sur la totalité ou une partie de votre unité foncière. Si nous obtenons une ordonnance définitive portant forclusion, votre unité foncière deviendra de plein droit notre propriété.
Nous pouvons également nous adresser à un tribunal pour que soit ordonnée la vente de votre unité foncière. Le tribunal, s'il émet une telle ordonnance, surveillera le déroulement de la procédure. Le produit net de la vente sera affecté à la réduction du montant du prêt. Toute somme restante, une fois les créances réglées, vous sera remise. Si le produit de la vente ne couvre pas intégralement le montant du prêt, vous aurez à nous verser la différence.

iii) Pouvoir de vente - Lorsqu'un paiement est en souffrance depuis quinze jours, nous pouvons, moyennant un préavis de 35 jours, pénétrer dans vos locaux et :

a) en prendre possession;

b) vendre la totalité ou une partie de votre unité (au comptant ou à crédit, ou partiellement au comptant et partiellement à crédit) par vente publique ou de gré à gré, au prix et aux conditions qu'il appartient de déterminer;

c) le donner en location, à des conditions et pour une durée qu'il nous appartient de déterminer;

d) exercer tout autre recours à notre disposition en vertu des lois de l'Ontario.

Tout avis vous sera signifié à vous et aux autres intéressés dans les formes requises par la loi au moment de la signification. En l'absence de telles exigences, notification peut vous être donnée de l'une ou plusieurs des façons suivantes :

- notification en personne à votre dernière adresse connue;
- envoi recommandé à votre dernière adresse connue;
- avis dans un journal publié dans le comté ou la localité où se trouve votre unité foncière;
- remise sur place à un adulte;
- affichage d'un avis sur votre propriété.

Après un retard de paiement de trois mois, nous sommes fondés à pénétrer dans vos locaux, à vendre ou louer votre propriété, sans vous adresser un préavis, sauf s'il est requis par la loi.

Le produit net de la vente ou de la location peut être affecté en réduction du montant du prêt et tout solde restant, une fois les créances remboursées, vous sera remis. Si le montant que nous touchons de la vente ou de la location de votre unité foncière ne couvre pas entièrement le montant du prêt, vous aurez à nous verser la différence.

B. Manquement aux obligations, défaut de paiement compris - Si vous manquez aux obligations qui vous incombent aux termes du prêt hypothécaire (défaut de paiement explicité sous A compris), nous sommes fondés à exercer nos droits susmentionnés, à pénétrer dans votre propriété en tout temps, sans la permission de quiconque, et à prendre toutes mesures que nous jugeons souhaitables aux fins suivantes :

- inspecter, louer, ou administrer votre propriété, et percevoir tous loyers;
- y réparer ou remettre en état tout bâtiment;
- y achever la construction de tout bâtiment.

Nous pouvons également prendre toutes mesures nécessaires pour prendre, recouvrer et conserver la possession de votre unité foncière.

C. Vente de biens (prêts hypothécaires commerciaux uniquement) -
Si le prêt en cause est un prêt hypothécaire commercial, en cas de non-paiement d'une mensualité à l'échéance, nous pouvons saisir vos marchandises. En d'autres termes, il nous est loisible de prendre ces marchandises et de les vendre, en tenant compte des lois de l'Ontario. Le produit net d'une telle vente peut être appliqué en réduction du montant du prêt. Une telle intervention ne peut nous mettre en possession de votre unité foncière, ni engager notre responsabilité à l'égard de sommes quelconques, sauf celles réellement perçues.

D. Aucune opposition de votre part - Vous vous abstiendrez de faire opposition à la prise de possession par nous de votre unité foncière (si cette prise de possession découle de l'exercice de nos droits précités), ainsi qu'à la prise de possession par des tiers, en cas de vente ou de location par nous ou par un syndic. Vous vous engagez, en pareil cas, à ne pas présenter de demande d'indemnité à l'acquéreur, au locataire, au syndic ou à quiconque pourra en faire l'acquisition ou la location par la suite.

E. Nos frais - Vous vous engagez à nous rembourser immédiatement tous les frais engagés pour faire valoir nos droits, notamment ceux engagés pour prendre ou garder possession de votre unité foncière, la rémunération des services du personnel de la Société hypothécaire Scotia et/ou de la Banque Scotia, les honoraires versés à notre avocat, et tous autres frais relatifs à la protection de nos droits en vertu du prêt hypothéca

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F. Jugements - Au cas où un jugement serait rendu contre vous du fait de l'inobservation de vos obligations aux termes du prêt hypothécaire, il n'y aura pas alors confusion des droits découlant d'un tel jugement avec nos autres recours ou droits, aux fins d'assurer l'exécution de vos autres obligations en vertu de ce prêt. Nous continuerons d'avoir droit au paiement d'intérêts calculés sur le montant du prêt au taux qui lui est applicable, aux intervalles prévus aux termes du prêt hypothécaire. Les intérêts prévus en cas de jugement sont calculés aux mêmes conditions que ceux payables sur le montant du prêt; et ce, jusqu'à ce que le jugement ait cessé de produire ses effets.

18. EXERCICE DIFFÉRÉ DE NOS DROITS

Ni un délai de paiement ou une prorogation de la durée consenti à vous ou à une autre personne préalablement à l'exercice de nos droits aux termes de l'acte d'hypothèque et ni la conclusion d'un accord visé à l'article 21, n'aura une incidence sur nos droits énumérés ci-après :

a) recevoir tous paiements dont vous nous êtes redevable, lorsqu'ils sont dus et exigibles;

b) exiger le remboursement du montant du prêt et de tous intérêts échus, en cas de défaut de paiement de votre part;

c) exiger l'accomplissement des autres obligations qui vous incombent aux termes du prêt hypothécaire;

d) assurer le respect des obligations contractées envers nous par toute autre personne aux termes du prêt hypothécaire.

19. PRÊT HYPOTHÉCAIRE À LA CONSTRUCTION

Par amélioration, il faut entendre toute modification, ajout ou réparation apporté à un bâtiment faisant partie de votre unité foncière, ou toute construction, aménagement ou installation, qui y est effectué. Si l'objet du prêt est de financer une telle amélioration, vous devez nous en informer par écrit immédiatement et avant le décaissement de toute avance aux termes de ce prêt. Vous nous remettrez également sans délai copies de tous contrats et contrats de sous-traitance ayant trait à ces travaux et de toutes dispositions modificatives s'y rapportant. Les travaux seront effectués uniquement selon des contrats, des plans et devis ayant reçu au préalable notre approbation écrite. Ces travaux de construction ou d'amélioration seront effectués avec toute la diligence possible et sur demande, vous nous fournirez tous documents justifiant du paiement de ces travaux. Nous vous consentirons des avances (à valoir sur le montant du principal) d'après l'avancement des travaux, jusqu'à l'achèvement et l'occupation ou la vente de votre unité foncière. Il nous appartient de déterminer si et à quel moment il y a lieu de verser des avances. Quel que soit l'objet du prêt, nous pouvons, si nous le jugeons à propos, faire une retenue sur le montant des avances, jusqu'à ce que nous ayons la certitude que vous vous êtes conformé aux dispositions relatives aux retenues contenues dans la Loi sur le privilège dans l'industrie de la construction, et dans toute version modifiée de cette loi. Vous nous autorisez à fournir des renseignements concernant le prêt hypothécaire à toute personne bénéficiant d'un privilège du constructeur.

20. MAINLEVÉE DE L'HYPOTHÈQUE SUR VOTRE UNITÉ FONCIÈRE

Nous pouvons fixer les conditions pour la mainlevée de nos droits sur la totalité ou une partie de votre unité foncière (nous pouvons en d'autres termes la libérer totalement ou partiellement de cette charge), que nous ayons ou non reçu valable contrepartie. En cas de libération partielle de votre unité foncière, la partie restante continuera de garantir le montant du prêt. Nous n'avons à rendre compte que des sommes effectivement perçues.

Au cas où il y aurait lotissement de votre unité foncière avant l'extinction de nos droits en vertu de l'hypothèque, chaque parcelle garantira l'intégralité du montant de notre créance, même en cas de mainlevée applicable à une autre partie de votre unité foncière.

Si une partie de votre unité foncière, ou toute propriété adjacente à votre unité foncière, fait l'objet d'une expropriation ou d'une autre action semblable, la contrepartie totale à laquelle vous pourriez avoir droit pourra, à notre gré, être appliquée à la réduction du solde ou du prêt hypothécaire, incluant toute pénalité, tous frais ou intérêts auxquels nous avons droit aux termes du prêt hypothécaire en cours ou en vertu des lois applicables.

Nous avons la liberté de vous décharger, de même que tout garant ou toute autre personne, de l'exécution de toute obligation stipulée dans le document hypothécaire ou dans tout document constitutif de garantie, sans que soit libérée de l'hypothèque ou de toute autre sûreté une part quelconque de l'unité foncière. Une telle décharge ne s'étendra pas aux autres personnes ayant contracté des obligations aux termes du prêt hypothécaire.

21. RENOUVELLEMENT OU MODIFICATION DU PRÊT HYPOTHÉCAIRE

Nous pouvons passer des conventions écrites avec vous (ou avec toute personne à qui votre unité foncière est transférée) afin d'apporter aux conditions du prêt hypothécaire des modifications telles que la prorogation des délais de paiement, le renouvellement ou la prolongation de la durée, la modification du taux d'intérêt, etc. Que votre unité foncière soit grevée ou non d'une autre charge au moment de la passation de la convention, l'enregistrement d'un tel acte modificatif ne sera pas requis pour maintenir le rang prioritaire de l'hypothèque sur tout autre instrument enregistré après l'octroi du prêt. Toute référence dans le présent document au prêt hypothécaire s'entend du prêt hypothécaire tel que modifié par une telle convention.

22. DISPOSITIONS RELATIVES AUX CONDOMINIUMS

Si votre unité foncière est une partie privative d'un condominium, vous devez respecter les modalités énoncées dans le présent article 22, en plus des autres dispositions du présent document (à l'exception de celles qui figurent à l'article 12).

Dans le présent article, le terme Loi désigne la Loi sur les condominiums, y compris toutes dispositions nouvelles ou modifiées de cette loi. Les termes utilisés ci-après ont le sens qui leur est attribué dans la Loi, sauf que l'expression propriété condominiale a le même sens que le terme « bien » utilisé dans la Loi.

A. Vous vous engagez à vous conformer aux dispositions de la Loi, ainsi qu'à la déclaration, au règlement administratif et aux règles de l'association condominiale visant votre unité foncière, et à nous fournir, sur demande, des preuves que vous respectez ces exigences.

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B. Vous réglerez à l'association condominiale, aux dates d'échéance, le montant des dépenses communes. Si, par ailleurs, nous exerçons notre droit de percevoir de vous votre quote-part de ces dépenses, vous nous en ferez tenir le montant, au reçu d'un avis de notre part à cet effet. Nous pouvons nous fonder sur un relevé présumément émis par l'association condominiale comme d'une preuve suffisante du montant des dépenses communes et de leur date d'échéance.

C. Vous nous ferez parvenir tous avis, évaluations, règlement administratif, règles et états financiers que l'association condominiale peut ou doit vous adresser.

D. Vous veillerez à tenir en bon état les améliorations apportées à votre unité et à y effectuer, s'il y a lieu, les réparations nécessaires.

E. Assurances - Indépendamment des assurances que doit souscrire l'association, vous êtes tenu :

- i) d'assurer les améliorations apportées par vous-même ou les précédents propriétaires à votre unité;
- ii) de souscrire une assurance pour les risques supplémentaires que nous pouvons vous indiquer;
- iii) de tenir assurés vos droits indivis ou autres dans les immeubles en copropriété (actuels ou futurs, au stade de la construction et par la suite), qui font partie de la propriété condominiale ou des actifs de l'association condominiale, si celle-ci néglige de le faire ou si nous vous donnons des instructions à cet effet;
- iv) de faire cession à notre profit de vos polices d'assurance et (dans les limites permises par la loi) de vos droits sur les polices souscrites par l'association;
- v) de nous fournir une preuve que l'assurance est en vigueur, ainsi qu'un justificatif du renouvellement ou du remplacement de l'assurance, dans les quinze jours qui précèdent son expiration ou sa résiliation;
- vi) d'accomplir toutes les formalités nécessaires pour assurer le paiement de l'indemnité prévue.

Les polices d'assurance souscrites par vous (et par l'association) doivent être conformes aux règles suivantes :

- votre unité condominiale doit être assurée contre les dommages ou la destruction causés par l'incendie et tous les autres risques habituellement couverts par les polices d'assurance-incendie, et contre tous autres risques stipulés par nous à la pleine valeur de remplacement (montant maximum de la couverture) en dollars canadiens;
- la compagnie d'assurances et les modalités de la police doivent avoir notre agrément.

À défaut de votre part d'assurer votre unité condominiale en accord avec les dispositions du présent article 22, nous pouvons, sans y être tenus, souscrire à votre place les assurances requises, et vous nous rembourserez aussitôt les primes s'y rapportant. En cas de sinistre, vous nous fournirez à vos frais, pour le compte de l'association condominiale et en votre nom, les preuves requises, et vous accomplirez les formalités nécessaires pour nous permettre d'obtenir le paiement de l'indemnité. Vous ferez en sorte que l'association condominiale s'acquitte de ses charges et obligations aux termes de la **Loi sur les condominiums** et de son règlement administratif.

Le produit de l'assurance peut, dans les limites permises par la loi, être imputé en totalité ou en partie comme suit :

- a) être affecté à la reconstruction ou à la réparation de l'unité;
- b) vous être versé;
- c) être versé à toute autre personne propriétaire ou ex-propriétaire de l'unité, selon ce qu'indique le titre de propriété;
- d) être affecté, si nous le jugeons à propos, à la réduction d'une partie du montant du prêt, qu'il soit ou non arrivé à échéance.

F. Frais supplémentaires à votre charge - Outre les charges afférentes à nos autres droits et recours aux termes du prêt hypothécaire, vous aurez à nous régler sans délai les frais engagés par nous du fait :

- de tout règlement administratif, de toute résolution, règle ou autre point (sauf dans le cas où un vote de la majorité présente à l'assemblée est requis);
- de l'exercice de nos droits pour obtenir de l'association ou de tout propriétaire l'adhésion à la loi, à la déclaration, au règlement administratif et aux règles;
- de l'exercice de tout droit de vote dont nous pouvons disposer.

Lorsque nos frais concernent également d'autres unités, vous n'aurez à acquitter que les frais applicables à la vôtre.

G. Droits de vote et autres droits - Vous nous autorisez à exercer, aux termes de la Loi, votre droit de vote pour ou contre la question mise aux voix. Nous sommes également autorisés à exercer vos droits aux fins suivantes :

- exiger de l'association qu'elle rachète votre unité et vos droits indivis, lorsque la Loi le permet;
- faire évaluer votre unité et vos droits indivis ou la propriété condominiale par voie d'arbitrage;
- recevoir votre part de l'actif de l'association et le produit de la vente de votre unité et de vos droits indivis ou de la propriété condominiale ou d'une des parties communes.

Vous pourrez exercer vos droits, selon les instructions que nous pourrons vous donner, si nous choisissons de ne pas les exercer. Avant une telle intervention de votre part, vous obtiendrez au préalable notre autorisation écrite. Une telle autorisation est requise même si nous ne disposons pas vis-à-vis de l'association d'un tel droit d'intervention, et même si nous avions déjà pris des mesures pour vous permettre d'exercer ce droit.

Aucun acte accompli par nous en application des dispositions du présent article n'aura pour effet de nous mettre en possession de votre propriété condominiale. Nous ne nous tenons nullement responsables des actes autorisés par vous que nous pourrions accomplir ou du défaut d'exécution de tels actes. Nous pouvons en tout temps révoquer les dispositions prises par nous pour vous permettre d'exercer vous-même les pouvoirs que vous nous aviez délégués.

H. Nos autres droits en vertu du prêt hypothécaire - Vous nous autorisez de plus à :

- i) inspecter votre propriété condominiale à tout moment jugé raisonnable;
- ii) y effectuer des travaux de réfection ou de réparation au cas où elle subirait des dommages;

- iii) examiner les registres de l'association;
- iv) intervenir au cas où vous négligeriez d'observer les dispositions de la Loi, de la déclaration, du règlement administratif et des règles de l'association.

I. Exigibilité anticipée du montant du prêt - Le montant du prêt peut, à notre gré, devenir payable immédiatement dans les circonstances suivantes :

- i) l'association omet de se conformer à la Loi, à la déclaration, au règlement administratif et aux règles de ladite association;
- ii) l'association néglige :
  - de tenir assurées les unités condominiales et les parties communes conformément aux dispositions de la Loi et aux exigences supplémentaires que nous pouvons fixer;
  - d'assurer ses éléments d'actif, sur notre demande et selon nos stipulations;
  - de nous fournir, sur demande, une preuve que l'assurance est en vigueur;
  - d'accomplir les formalités requises pour obtenir de la compagnie d'assurances, le cas échéant, le paiement de l'indemnité;
- iii) l'association ne s'acquitte pas, à notre avis, de la gestion de la propriété condominiale et des éléments d'actif, comme il convient;
- iv) l'association omet de tenir ses éléments d'actif en règle et en bon état de fonctionnement;
- v) l'association apporte aux parties communes ou à ses éléments d'actif des modifications importantes sans avoir obtenu au préalable notre autorisation;
- vi) les propriétaires ont subi des dommages substantiels et votent en faveur de la dissolution de la propriété condominiale;
- vii) la vente de la propriété condominiale ou d'une part des parties communes est autorisée;
- viii) un tribunal émet une ordonnance afin que la propriété condominiale cesse d'être régie par la Loi;
- ix) la propriété condominiale cesse d'être régie par la Loi.

Le fait d'avoir voté pour ou consenti à une telle dissolution, à la vente ou à une ordonnance de vendre la propriété condominiale, ou le retrait de l'association de l'autorité de la Loi, n'auront aucune incidence sur l'intégrité de nos droits.

J. Dissolution de l'association - Au cas où votre propriété condominiale cesserait d'être régie par la Loi :

- les conditions du prêt hypothécaire continueront de s'appliquer;
- vous nous autorisez à conclure un accord avec un tiers sur le partage de la propriété condominiale. Nous paierons ou percevrons toute somme requise pour assurer un partage égal et vous nous rembourserez aussitôt toute somme que nous aurons ainsi déboursée. Nous sommes habilités à signer tous documents et à accomplir tous actes nécessaires à la réalisation de ce partage;
- vous nous remettrez une somme égale à votre part des éléments d'actif et au produit de la vente de votre unité et des intérêts communs, ou de la propriété condominiale ou d'une part des éléments communs (sauf notification contraire de notre part formulée par écrit) et vous prendrez toutes mesures nécessaires à cette fin;
- les sommes ainsi encaissées par nous (déduction faite de nos frais) pourront être affectées en réduction du montant du prêt, et remise vous sera faite de tout solde résiduel après paiement intégral de notre créance.

23. QUITTANCE

À notre choix, lorsque nos droits sur l'unité foncière prennent fin, nous préparons, signons et publions une quittance complète de notre créance et vous remettons une confirmation de quittance, ou nous préparons et vous remettons une mainlevée de la charge/l'hypothèque immobilière dûment signée mais non publiée. Vous devez nous accorder un délai suffisant pour la préparation, l'examen, la signature et la publication de la quittance et acquitter les frais courants que nous exigeons pour la préparation, l'examen et la signature d'une quittance, et si nous choisissons de publier la quittance de notre créance, les frais courants que nous exigeons pour la publication d'un tel document ainsi que tous les frais juridiques et autres que nous avons engagés pour la quittance complète de notre créance. Si nous vous fournissons une mainlevée de la charge/l'hypothèque, les formalités et les frais de publication des documents ainsi que tous les frais connexes vous incombent.

Lorsque nos droits sur l'unité foncière prennent fin, et si vous nous demandez de céder le prêt hypothécaire, nous vous préparons une cession de prêt hypothécaire. Vous devez nous accorder un délai suffisant pour la préparation, l'examen et la signature du document et nous payer les frais courants que nous exigeons pour la préparation, l'examen et la signature du document ainsi que tous nos frais juridiques et autres que nous avons engagés à cette fin. Les formalités et les frais de publication de la cession vous incombent.

24. INTITULÉS

Les intitulés sont destinés à faciliter la lecture du texte et n'en font pas partie intégrante.

25. PARTIES LIÉES AUX TERMES DU PRÊT HYPOTHÉCAIRE

Vous convenez de vous conformer à toutes les conditions et obligations explicitées dans l'acte de prêt hypothécaire, lequel liera également vos héritiers, représentants successoraux, successeurs et ayants droit, nos successeurs, ayants droit et représentant légaux et toute personne à qui votre unité foncière aura été transférée. Il engage également tout bénéficiaire d'une cession effectuée à notre initiative. Les personnes qui apposent leur signature sur ce document à titre de constituant sont responsables collectivement et individuellement (c'est-à-dire conjointement et solidairement) de l'accomplissement des obligations contractées en vertu du prêt hypothécaire.

26. EXCLUSION DE CERTAINES DISPOSITIONS LÉGALES

Les obligations énoncées à l'article 7 (1) de la Loi portant réforme de l'enregistrement immobilier, 1984, et dans les dispositions nouvelles ou modificatives s'y rattachant, ne font pas partie intégrante des obligations contractées aux termes du prêt hypothécaire.

27. CAUTIONNEMENT

Dans le présent article, le terme garant désigne toute personne ayant signé le document hypothécaire à titre de garant. Le terme constituant désigne la ou les personnes qui y ont apposé leur signature à ce titre et le terme unité foncière désigne le bien grevé de l'hypothèque.

En contrepartie du prêt consenti par nous au constituant, le garant ayant apposé sa signature sur le document hypothécaire, garantit le paiement des versements à la charge dudit constituant (intérêts compris et qu'il y ait ou non modification du taux d'intérêt) et l'observation de ses autres obligations aux termes du prêt. Au cas où le constituant omettrait d'acquitter un versement ou de s'acquitter de quelque obligation aux termes du prêt hypothécaire, le garant s'oblige à se substituer à celui-ci pour le règlement de tout versement impayé et l'accomplissement de telles obligations. S'il y a pluralité de garants, ceux-ci sont collectivement et individuellement (conjointement et solidairement) responsables avec le constituant et avec chacun d'eux, de l'ensemble des obligations contractées en vertu du prêt hypothécaire.
Sans que la responsabilité du garant soit de quelque façon réduite, sans obtenir son consentement et sans lui donner de préavis, nous pouvons :

- accorder des délais de paiement et des prorogations de la durée du prêt, renouvellements du prêt et de sa durée compris;
- majorer le taux d'intérêt applicable au prêt hypothécaire, pendant la durée initiale et toute durée subséquente;
- détacher de la garantie hypothécaire ou de toute autre sûreté la totalité ou une partie de l'unité foncière;
- prendre à l'égard du constituant ou d'une autre personne (y compris un garant), de toute sûreté (garantie hypothécaire comprise) ou de l'unité foncière, toute mesure jugée opportune, notamment la libération, la réalisation ou le remplacement de tout bien que nous détenons en garantie;
- renoncer à toute condition du prêt hypothécaire ou modifier certaines de ses modalités au cours de sa durée initiale ou d'une durée subséquente;

et ce, soit antérieurement, soit postérieurement à toute demande de paiement faite à quiconque, sans porter atteinte à l'intégrité du cautionnement. Pour obtenir le paiement de notre créance, nous sommes fondés à nous adresser en premier à tout garant plutôt qu'au constituant ou à toute autre personne (y compris un garant), et à faire valoir nos droits au titre de toute sûreté (l'hypothèque comprise). Les obligations de tout garant engagent également ses successeurs et représentants successoraux.

Dated this 26th day of January, 2006

Craig Liddle
Assistant General Manager
Scotia Mortgage Corporation
I have the authority to bind the corporation.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200609 Cote

his is the French version of the standard charge terms filed under number 200605.
resente liste consitiue la version francaise des clauses types de charge déposées sous
cote 200605.

ument déposé par la Societe hypothecaire Scotia
ste des clauses types relatives aux charges hypothécaires suivante doit être réputée être
omprise dans tout acte de charge dans lequel il est fait reference à la liste des clauses types sous
cote qui lui est attribuée, tel qu'il est-stipulé à l article 9 de la Loi.

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Filing No. 200610 Cote
Filing Date February 2nd/06 Date de Dépôt
Page 1 of/de 11 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Charge ou prêt hypothécaire à taux variable
(Loi sur l'enregistrement des droits immobiliers
et Loi sur l'enregistrement des actes)

Loi portant réforme de l'enregistrement immobilier

LISTE DES CLAUSES TYPES RELATIVES À LA CHARGE HYPOTHÉCAIRE N^O

1. DÉFINITIONS

Dans la présente Liste des clauses types de la charge, prêt hypothécaire désigne, pour le système d'enregistrement sur papier, l'Acte de charge (Hypothèque) (Formule 2), ou pour le système d'enregistrement électronique, la charge préparée sous forme électronique et enregistrée électroniquement suivant les dispositions de la Loi portant réforme de l'enregistrement immobilier (avec ses modifications ou remplacements), les annexes qui l'accompagnent et la présente Liste de clauses types de la charge. Les termes **vous** et **votre** désignent chacune des personnes y ayant apposé leur signature à titre de constituant. Les termes **nous** et **notre** désignent la Société hypothécaire Scotia, à titre de titulaire. Le terme **votre unité foncière** désigne le bien-fonds décrit sous Description ou sous Unités foncières dans le prêt hypothécaire, tous les bâtiments qui y sont ou pourront dans l'avenir y être construits, ainsi que tous ajouts, modifications et améliorations dont ils pourront faire l'objet. Le terme **montant du principal** désigne le montant indiqué comme Capital dans le prêt hypothécaire. Par **montant du prêt**, il faut entendre le montant variable du solde du prêt (intérêts compris) dont vous nous êtes redevable à une date quelconque au titre du prêt hypothécaire.

Toute référence à la signature du prêt hypothécaire s'entend des signatures apposées sur l'Acte de charge (Hypothèque) (Formule 2) ou sur toute annexe s'y rattachant, ou sur une Attestation et instructions ou sur toute annexe s'y rattachant pour enregistrement électronique. Toute référence aux alinéas s'entend de ceux qui figurent dans le présent document.

Si le prêt hypothécaire en cause est un prêt hypothécaire assuré par la SCHL, il est octroyé aux termes de la **Loi nationale sur l'habitation**.

2. OBLIGATIONS DÉCOULANT DU PRÊT HYPOTHÉCAIRE

En contrepartie du prêt que nous vous octroyons (dont vous accusez réception du montant en principal par votre signature au bas de l'Acte de charge), vous vous engagez comme suit :

i) si vous êtes propriétaire de l'unité foncière, à la grever d'une charge à notre profit et à celui de nos successeurs et cessionnaires (nos **ayants droit**);
ou
ii) si vous êtes locataire de l'unité foncière, à grever d'une charge vos droits dans cette unité foncière (toute option d'achat comprise) à notre profit et celui de nos ayants droit, pour la durée complète du bail;

à titre de garantie pour le remboursement du montant du prêt hypothécaire et l'exécution de vos autres obligations aux termes du présent Acte de charge. Vous grevez de ce fait tous vos droits dans l'unité foncière en notre faveur ou celle de tout bénéficiaire d'un transfert éventuel de la charge.

Extinction de la garantie hypothécaire :

Nos droits dans l'unité foncière prennent fin :

- lorsque le montant du prêt est remboursé conformément aux dispositions de l'Acte de charge; et
- que les autres obligations également prévues aux termes du présent Acte de charge ont été remplies.

3. INTÉRÊTS

A. Taux d'intérêt

Le taux d'intérêt applicable au montant du prêt est un taux variable, exprimé en taux annuel, équivalant à notre taux de référence du prêt hypothécaire à taux variable, plus/moins le nombre de points de base par année désigné Taux d'intérêt dans le prêt hypothécaire. Notre taux de référence du prêt hypothécaire à taux variable varie périodiquement en fonction du taux de base de la Banque Scotia.

Les intérêts sont calculés semestriellement, non d'avance. Les intérêts au taux variable fixé sont payables sur le montant du prêt, tant après qu'avant la date du dernier versement, de défaillance de l'emprunteur et de jugement. Le taux d'intérêt variera automatiquement en fonction du taux de base de La Banque Scotia. Lorsque le présent prêt hypothécaire fait référence au taux d'intérêt payable sur le montant du prêt, l'expression désigne le taux de référence du prêt hypothécaire à taux variable, plus/moins le nombre de points de base par année indiqué à l'annexe et payable conformément aux dispositions susmentionnées.

À la date où le premier signataire appose sa signature au présent présent prêt hypothécaire, le taux de référence PHTV et le taux d'intérêt applicable au montant du prêt désigné Taux d'intérêt dans le prêt hypothécaire demeurent en vigueur jusqu'à ce qu'ils fassent l'objet d'une révision aux termes de l'alinéa 3A. l'alinéa 27 indique pour les taux applicables au calcul mensuel, non d'avance, des intérêts les taux d'intérêt correspondants lorsque les intérêts sont calculés semestriellement, non d'avance.

B. Détermination du taux d'intérêt

Après chaque révision du taux de référence PHTV, nous vous adressons par courrier, à votre dernière adresse inscrite dans nos registres, un avis indiquant votre nouveau taux d'intérêt et sa date d'effet. Cependant, l'omission de notre part d'adresser un tel avis par la poste ou le fait que vous ne le receviez pas n'a pas pour effet d'empêcher la révision du taux. Il est toujours possible d'obtenir le taux de référence PHTV en vigueur en s'adressant à l'une des succursales de La Banque de Nouvelle-Écosse au Canada.

C. Intérêts composés

Si un versement mensuel n'est pas réglé à sa date d'échéance, nous comptons de l'intérêt sur toute partie exigible du montant du prêt (y compris l'intérêt), jusqu'à son complet remboursement. Ces intérêts sont dits **composés** et sont payables aux mêmes dates que les versements mensuels. Nous percevons également de l'intérêt sur l'intérêt composé échu, au taux applicable au montant du prêt, jusqu'à son complet remboursement, tant avant qu'après la date du dernier versement et tant avant qu'après toute défaillance de l'emprunteur et jugement.

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D. Intérêts différés

Si les intérêts courus sur le montant du prêt à compter de la date d'un versement mensuel (ou, dans le cas du premier versement, de la date d'ajustement de l'intérêt) jusqu'à celle du versement suivant, excèdent le montant du versement mensuel, l'excédent (désigné par le terme **intérêts différés**) porte intérêt au taux alors applicable au prêt. À la date du versement mensuel suivant, l'intérêt payable sur les intérêts différés s'ajoute à ces intérêts différés et en fait partie intégrante. Si l'intérêt différé n'est pas acquitté à cette date du versement mensuel, il porte intérêt au taux d'intérêt applicable au prêt et s'ajoute au montant de l'intérêt différé et ainsi de suite.

E. Prêt hypothécaire à la construction à avances échelonnées

Si vous avez un prêt hypothécaire à la construction à avances échelonnées, le taux d'intérêt annuel qui s'appliquera à votre prêt au cours de la période de construction sera un taux variable correspondant au taux de base de la Banque Scotia plus 1 %. Exigibles mensuellement, les intérêts seront calculés semestriellement, non d'avance. Le taux d'intérêt sur votre prêt sera rajusté, sans qu'un préavis vous soit envoyé, le jour même de toute fluctuation du taux de base de la Banque Scotia. Le taux de base en vigueur en tout temps de la Banque Scotia peut être obtenu à n'importe quelle succursale de la Banque Scotia au Canada ou sur le site www.banquescotia.com.

La période de construction commence à la date de la première avance du prêt hypothécaire et prend fin à la première des dates suivantes : 9 mois plus tard ou date à laquelle au moins 75 % des fonds du prêt auront été décaissés.

4. MODALITÉS DE REMBOURSEMENT

A. Monnaie et lieu de paiement

Le montant du prêt est payable en monnaie canadienne. Les mensualités et autres paiements sont effectués à la succursale dont l'adresse figure en tant que domicile élu du (des) titulaire(s) dans le prêt hypothécaire, ou à tout autre lieu que nous vous aurons indiqué. Les modalités de paiement sont les suivantes :

B. Intérêts exigibles avant la date d'échéance de votre premier versement ordinaire

Avant la date de début du prêt, vous nous paierez des intérêts calculés mensuellement, non d'avance, au taux applicable au montant du prêt, sur tous les fonds que nous vous aurons avancés.

Si plus d'un mois s'écoule entre la date de l'avance et la date d'échéance de votre premier versement ordinaire, vous réglerez à part les intérêts courus au cours de cette période. À notre gré, ces intérêts seront exigibles un mois avant la date d'échéance de votre premier versement ordinaire ou à cette date d'échéance, ou encore ils pourront être prélevés sur des avances ultérieures. Nous pouvons également exiger que vous acquittiez ces intérêts sur une base mensuelle, avant que nous établissions une date d'échéance pour votre premier versement ordinaire.

C. Échéance des versements après la date d'ajustement de l'intérêt

À compter de la date d'ajustement de l'intérêt, le montant du principal, majoré de l'intérêt, est exigible et remboursable sous forme de **versements mensuels**.

Vous effectuerez vos paiements dont le montant est désigné Montant des versements ou Versement dans le prêt hypothécaire, par versements égaux, à compter de la date désignée Date du versement initial dans le prêt hypothécaire et chaque mois par la suite, jusqu'à la date désignée Date du dernier versement. Chaque date à laquelle il vous incombe d'acquitter un versement est dite **date de versement mensuel.**

Le solde du montant du principal ainsi que l'intérêt échu sont payables à la date désignée Date d'échéance du solde dans le prêt hypothécaire, laquelle correspond à celle qui est appelée **Date du dernier versement** dans le prêt hypothécaire.

D. Imputation des versements mensuels

Chaque versement mensuel est imputé :

- **en premier lieu**, au paiement ou à la réduction du montant de l'intérêt couru (autre que l'intérêt différé) sur le montant du prêt à compter (inclusivement) de la date d'échéance du versement du mois précédent jusqu'au jour (exclusivement) précédant la date d'échéance du versement effectué (s'il s'agit du premier versement, l'intérêt correspond à l'intérêt couru depuis la date d'ajustement de l'intérêt);
- **en deuxième lieu**, s'il y a un reliquat, au paiement ou à la réduction, le cas échéant, de l'intérêt différé; et
- **en troisième lieu**, s'il y a un reliquat, à la réduction du montant du principal du prêt.

E. Paiement anticipé à la vente ou à la constitution d'une hypothèque

Nous pouvons exiger que vous nous remboursiez sur-le-champ tous les montants que vous nous devez aux termes du prêt hypothécaire si vous vendez, transférez, hypothéquez votre propriété ou y inscrivez une charge à moins que nous n'ayons donné préalablement notre approbation par écrit. Si nous approuvons la vente ou le transfert ou la constitution d'une hypothèque ou d'une charge et n'exigeons pas que vous nous remboursiez immédiatement tous les montants que vous nous devez aux termes du présent prêt hypothécaire, vos obligations à notre égard aux termes du présent prêt hypothécaire et nos droits contre vous ou un tiers tenu de rembourser l'argent qui nous est dû aux termes du présent prêt hypothécaire demeurent inchangés.

F. Prêt hypothécaire à la construction à avances échelonnées

Si vous avez un prêt hypothécaire à la construction à avances échelonnées, vous effectuerez, tous les mois au cours de la période de construction, des versements en intérêts seulement dont le premier sera exigible un mois après la date de la première avance. Chaque fois que notre taux de base sera modifié, le montant de ces versements en intérêts seulement sera automatiquement rajusté (ainsi que le mentionne l'alinéa 3E des présentes) en fonction du montant en capital déjà avancé. Votre dernier versement en intérêts seulement sera exigible à la première des dates suivantes : date désignée Date du dernier versement dans le prêt hypothécaire, 9 mois après la date de la première avance sur votre prêt ou date à laquelle au moins 75 % des fonds du prêt auront été décaissés. À cette date, le solde du prêt, majoré de tous les intérêts courus, devra être intégralement remboursé, à moins que le prêt ne soit converti selon les modalités décrites ci-après.

Si 75 % des fonds de votre prêt à la construction à avances échelonnées n'ont pas été décaissés au plus tard à la fin de la période de neuf mois, nous pouvons, à notre gré :

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1. convertir votre prêt hypothécaire comme il est décrit ci-dessous
2. continuer à percevoir l'intérêt seulement pour une période de temps déterminée
3. exiger le remboursement complet du solde du prêt et de tous les intérêts

Convertibilité du prêt

Lorsqu'au moins 75 % des fonds de votre prêt auront été décaissés (à condition que cela se produise dans les 9 mois qui suivent la première avance), nous établirons une nouvelle date de début du prêt et convertirons le prêt selon la durée, le type de taux et le calendrier de remboursement que vous avez choisis, compte tenu du montant intégral en principal indiqué dans le Contrat de crédit à un particulier ou dans tout accord modifiant ce contrat. Nous vous fournirons à cet égard un avis de confirmation qui énoncera notamment le taux d'intérêt applicable à votre prêt hypothécaire, le montant des versements en capital et intérêts, la date de début du prêt et sa date d'échéance.

G. Conditions liées au remboursement anticipé

Pénalités en cas de remboursement d'un prêt hypothécaire avant l'échéance

Vous pouvez rembourser à l'avance une partie ou la totalité de votre prêt hypothécaire selon le type de celui-ci. Si nous convenons plus tard de modifier ou de proroger la durée du prêt, les conditions liées au remboursement anticipé ne s'appliqueront pas au prêt ainsi renouvelé ou prorogé.

Option *Temps d'arrêt**

Vous pouvez omettre d'effectuer n'importe quel versement pourvu que vous ayez fait, pendant la durée du prêt en cours, un remboursement anticipé d'un montant égal au versement que vous désirez omettre et que votre prêt hypothécaire ne soit pas en souffrance. Mais vous ne pouvez omettre, le cas échéant, de payer la prime de protection hypothécaire. Des versements supplémentaires ou des remboursements anticipés ne peuvent être utilisés pour exercer l'option *Temps d'arrêt* lorsque le prêt hypothécaire est pris en charge par un acquéreur subséquent.

Maintien de vos obligations

À moins que vous n'ayez remboursé tout le solde en principal de votre prêt, vous devez continuer à acquitter régulièrement vos versements hypothécaires.

Prêt ouvert non assorti d'un taux plafond et remboursement anticipé

Si tous vos versements sur prêt sont en règle, vous pouvez rembourser une partie ou la totalité du solde en principal de votre prêt hypothécaire à n'importe quelle date prévue pour un versement. Si vous remboursez intégralement le solde en principal du prêt, vous devez payer des frais de gestion de 100 $ pour chaque année entière ou incomplète de la durée restant à courir sur le prêt.

Vous pouvez obtenir le renouvellement anticipé de ce prêt hypothécaire sans payer de pénalité pour remboursement anticipé si vous le convertissez en un prêt fermé de 3 ans et plus à taux fixe.

Si vous avez reçu une remise en espèces sur votre prêt hypothécaire, le montant de cette remise devra être remboursé de la manière indiquée ci-après à la rubrique «Remise en espèces».

Prêt fermé assorti d'un taux plafond et remboursement anticipé

Si tous vos versements sur prêt sont en règle, vous pouvez augmenter le montant de vos versements, ou rembourser par anticipation une partie de votre prêt hypothécaire selon l'une des trois options indiquées dans le tableau. Ces options s'appliquent uniquement aux remboursements anticipés partiels et peuvent être exercées chaque année, mais sans possibilité de report à une année ultérieure. Une année désigne une période de 12 mois commençant à la date de début du prêt (aussi appelée date d'ajustement de l'intérêt) ou à l'anniversaire de cette date. Si la durée du prêt hypothécaire est inférieure à 12 mois, ces options peuvent être exercées au cours de chaque durée.

OPTIONS DE REMBOURSEMENT ANTICIPE

Comment	Quand	[illegible]
1. *En effectuant un versement hypothécaire supplémentaire (principal, intérêt et impôt foncier)	À n'importe quelle date de versement ordinaire durant l'année	Le montant en principal de votre prêt hypothécaire est réduit de ce montant
2. *En remboursant jusqu'à 15 % du montant initial en principal de votre prêt hypothécaire	N'importe quand (sauf le jour du remboursement intégral), la somme totale ne devant pas excéder le maximum annuel	
3. En augmentant votre versement ordinaire d'un montant n'excédant pas 15 % du versement en principal et intérêts établi pour la durée du prêt hypothécaire	Une fois chaque année de la durée de votre prêt hypothécaire	

*Seules les options 1 et 2 permettent d'omettre un versement.

Pénalité en cas de remboursement anticipé

Lorsque vous remboursez par anticipation une partie ou la totalité de votre prêt hypothécaire, vous devez payer une pénalité, à moins que le remboursement partiel n'ait été effectué conformément à notre tableau des options de remboursement anticipé.

La pénalité applicable à un remboursement anticipé, partiel ou intégral, du montant en principal de votre prêt hypothécaire correspond à trois mois d'intérêts sur le montant que vous désirez rembourser. Le taux d'intérêt utilisé pour établir la pénalité est le taux plafond. Si vous avez reçu une remise en espèces sur votre prêt hypothécaire, le montant de cette remise devra être remboursé de la manière indiquée ci-après à la rubrique «Remise en espèces».

Prêt hypothécaire à la construction à avances échelonnées

Si vous avez un prêt hypothécaire à la construction à avances échelonnées, le présent alinéa 4G ne s'applique pas à votre prêt durant la période de construction.

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Remise en espèces

Si vous obtenez une remise en espèces au moment de l'octroi de votre prêt hypothécaire, le montant de cette remise devra nous être remboursé si le prêt est transféré à une autre institution financière avant l'échéance. Si le prêt est remboursé partiellement ou intégralement, transféré, pris en charge ou renouvelé avant que sa durée initiale ne soit écoulée, la remise en espèces s'ajoutera à la somme exigible qui sera inscrite sur la formule de transfert, de radiation d'hypothèque ou de renouvellement anticipé. La partie remboursable de la remise sera établie au prorata, selon la formule suivante :

$$\text{Remise remboursable} = \frac{\text{Durée restante en mois (chiffre arrondi)}}{\text{Durée initiale en mois}} \times \text{Remise reçue}$$

5. DROIT DE PROPRIÉTÉ

A. À titre de propriétaire de l'unité foncière, vous attestez :

- i) être le propriétaire légitime de cette unité foncière;
- ii) être fondé en droit à nous consentir une hypothèque;
- iii) que votre titre de propriété est libre de toute charge;
- iv) que votre titre de propriété est libre de toute servitude, sauf en ce qui a trait aux règles du code du bâtiment, aux règlements relatifs au zonage et aux servitudes régulièrement enregistrées.

Les dispositions de l'alinéa A sont applicables, à moins que vous ne nous ayez informés par écrit que vous êtes locataire en vertu d'un bail de l'unité foncière; auquel cas les dispositions de l'alinéa B sont applicables.

B. À titre de locataire de l'unité foncière :

- i) vous attestez que :
  - a) l'unité foncière a été prise en location par vous ou vos ayants droit en vertu d'un bail, dont copie nous a été remise;
  - b) le bail est en vigueur, a force probante et tous les renseignements que vous nous avez fournis à son sujet sont véridiques;
  - c) tous les loyers payables en vertu du bail ont été acquittés à la date de signature de l'Acte de charge;
  - d) vous avez le droit ou l'autorisation de céder, d'hypothéquer ou de grever le bail;
  - e) vos droits à l'égard du bail, sauf stipulations contraires dans le bail, ne sont assujettis à aucune limitation, restriction ou charge, exception faite des règles du code du bâtiment, des règles de zonage et des servitudes régulièrement enregistrées.
- ii) vous vous engagez :
  - a) à payer le loyer à l'échéance;
  - b) à respecter les autres conditions du bail et à vous abstenir de tout ce qui pourrait entraîner sa résiliation;
  - c) à ne pas rétrocéder le bail;
  - d) à ne pas modifier le bail sans avoir au préalable obtenu notre consentement écrit;
  - e) à nous remettre copie conforme de tout avis ou requête qui vous est adressé concernant le bail;
  - f) à nous aviser sans délai, au cas où le propriétaire vous ferait part de la résiliation anticipée du bail ou prendrait des dispositions à cet effet.

C. Vous devez éviter tout ce qui pourrait porter atteinte à nos droits sur l'unité foncière.

D. Vous vous engagez à signer tous autres documents et à accomplir toutes formalités que nous jugeons nécessaires pour assurer le transfert à notre profit de vos droits dans l'unité foncière.

6. USAGE DE L'UNITÉ FONCIÈRE

Vous ne pouvez pas effectuer d'ajouts, de modifications ou d'améliorations à l'unité foncière et devez éviter de l'utiliser à des fins professionnelles sans avoir obtenu au préalable notre consentement écrit. Vous ne devez pas utiliser votre unité foncière à des fins illicites.

7. NOUS N'AVONS AUCUNE OBLIGATION DE VOUS VERSER DES AVANCES AUX TERMES DE L'ACTE DE CHARGE

Nous pouvons, si nous le jugeons à propos, pour un motif quelconque, nous abstenir de vous verser tout ou partie du montant du principal, même si l'Acte de charge est déjà rédigé, signé ou enregistré, et qu'une partie du principal ait été ou non décaissée. En apposant votre signature sur l'Acte de charge, vous nous cédez tous vos droits sur l'unité foncière. Vous devez nous rembourser, sur demande, de tous nos frais engagés pour constater vos droits sur l'unité foncière et pour la rédaction et l'enregistrement de l'Acte de charge.

8. IMPÔT FONCIER

A. Vous devez acquitter chaque mois, en même temps que le versement sur le prêt, une part du montant de l'impôt foncier. Fixé à un douzième du total de l'impôt foncier estimatif sur l'unité foncière pour l'année considérée, le montant de cet impôt mensuel peut être rajusté pour tenir compte de toute modification apportée au taux d'imposition annuel applicable à l'unité foncière. La quote-part de l'impôt foncier ainsi acquitté mensuellement doit nous permettre de régler annuellement le montant intégral de l'impôt foncier au plus tard à la date d'échéance. Si l'impôt foncier est payable par versements, les paiements effectués mensuellement par vous à ce titre doivent nous permettre d'acquitter intégralement le total des versements au titre de l'impôt foncier au plus tard à la date d'échéance du premier versement.

B. Si, toutefois, un intervalle de moins de un an sépare la date d'ajustement de l'intérêt de la date d'échéance annuelle de l'impôt foncier ou de celle du premier versement à ce titre, vous devez nous verser mensuellement des montants égaux durant cette période et au cours des douze mois qui suivent. Nous nous fondons, pour fixer le montant de ces paiements mensuels, sur notre estimation du total de l'impôt foncier payable pour les deux périodes, afin de nous permettre de percevoir un montant suffisant pour régler intégralement cet impôt à l'échéance.

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C. Vous devez également régler, sur demande, tout excédent de l'impôt foncier sur le montant estimatif calculé par nous. Pour couvrir cet excédent, nous pouvons, si nous le jugeons à propos, majorer le montant acquitté par vous mensuellement à ce titre.

D. Le montant perçu auprès de vous mensuellement est régulièrement affecté au paiement de l'impôt foncier, sauf en cas de retard de paiement de votre part. Nous ne sommes nullement tenus de régler l'impôt foncier aux dates d'échéance ou plus d'une fois l'an. Nous acquittons l'impôt foncier même si le montant reçu de vous est insuffisant, votre compte d'impôt foncier indiquant alors un solde débiteur qui doit être immédiatement réglé. Nous ne sommes pas tenus de vous signaler que ce compte est débiteur.

E. Sur tout solde créditeur à votre compte d'impôt foncier, de l'intérêt est calculé à un taux d'intérêt non inférieur à celui versé par la Banque Scotia sur les comptes-chèques d'épargne. Sur tout solde débiteur à votre compte d'impôt foncier, de l'intérêt est imputé au taux applicable au montant du prêt jusqu'au complet règlement de ce découvert.

F. À défaut de votre part d'acquitter tout montant qui nous est dû à l'échéance, nous pouvons prélever un tel montant sur les fonds en dépôt dans votre compte d'impôt foncier.

G. Une somme peut être déduite du montant de la dernière avance payable au titre du principal du prêt pour assurer le règlement de tout l'impôt foncier payable jusqu'à la date d'ajustement de l'intérêt et non acquitté à la date de la dernière avance.

H. Vous nous transmettrez sans délai tous avis d'évaluation, d'imposition ou de cotisation qui vous sont adressés.

9. PAIEMENTS EFFECTUÉS POUR VOTRE COMPTE

Il nous est loisible de libérer l'unité foncière de tous privilèges, droits et charges qui, à notre avis, ont priorité sur notre créance, et également d'acquitter les frais que nous avons engagés pour recouvrer les sommes que vous n'avez pas acquittées à l'échéance, nos frais juridiques compris calculés sur la base avocat-client. Vous devez nous rembourser de tels frais dans les plus brefs délais.

Si nous libérerons l'unité foncière de tous privilèges, droits et charges, il y a subrogation en notre faveur des droits, titres et sûretés de la personne physique ou morale, société ou agence gouvernementale qui a été ainsi désintéressée.

10. CESSION DE BAUX ET LOYERS

A. En cas de location actuelle ou éventuelle à des tiers de la totalité ou d'une partie de l'unité foncière, sur notre demande écrite, vous nous cédez :

- i) tous baux, contrats de location et renouvellements s'y rapportant;
- ii) tous loyers et toutes sommes exigibles aux termes des baux et contrats de location. Nous pouvons, toutefois, vous autoriser à percevoir les loyers, pourvu que les versements soient en règle et que vous vous soyez conformé à vos autres obligations en vertu de l'Acte de charge;
- iii) tous droits afférents aux baux et aux contrats de location ayant une incidence sur l'unité foncière.

B. Vous acceptez de plus les conditions suivantes :

- i) vous devez obtenir notre consentement écrit avant d'octroyer de nouveaux baux ou de renouveler un bail en cours (sauf s'il s'agit d'un renouvellement prévu aux termes d'un bail déjà conclu);
- ii) aucune intervention de notre part aux termes du présent article 10 ne peut nous mettre en possession de l'unité foncière;
- iii) en cas de défaut de paiement de votre part, toutefois, nous sommes habilités à prendre possession de l'unité foncière;
- iv) nous n'avons aucune obligation de percevoir les loyers ou autres revenus ni de nous conformer aux conditions d'un bail ou d'un contrat de location.

11. ASSURANCES

Vous devez sans délai assurer et tenir constamment assurés à notre profit et jusqu'à libération de l'hypothèque, tous les immeubles grevés par cette hypothèque (y compris, tant pendant qu'après les travaux, ceux qui pourront être construits dans l'avenir) contre les risques de perte ou de dommages par incendie et autres risques habituellement couverts par les polices d'assurance-incendie et contre tous autres risques qu'il nous appartient de déterminer. Une telle assurance doit être souscrite auprès d'un assureur ayant notre agrément, pour un montant en dollars canadiens correspondant à la valeur de remplacement de l'immeuble (montant maximum pouvant être souscrit). Établie dans des formes jugées par nous acceptables, cette assurance doit comporter les garanties annexes et une clause nous désignant comme bénéficiaire de l'indemnité en cas de sinistre. Vous vous engagez à nous transférer, sur notre demande, toutes les polices d'assurance et quittances afférentes aux immeubles, ainsi que le produit de telles assurances.

À défaut de votre part :

- de tenir les immeubles assurés d'une façon que nous jugeons conforme aux instructions qui précèdent;
- de nous remettre, sur notre demande, toute police d'assurance ou toute quittance;
- de nous fournir, sur demande, au moins quinze jours complets avant la date d'expiration ou de résiliation d'une assurance, une preuve de renouvellement ou de souscription d'une nouvelle assurance,

nous pouvons, sans y être tenus, souscrire une assurance sur les immeubles hypothéqués et le montant de la prime d'une telle assurance s'ajoutera à la somme que vous nous devez aux termes de l'Acte de charge et portera intérêt au taux applicable à celui-ci. Vous devez acquitter cette prime à l'échéance de la mensualité la plus rapprochée. En cas de perte ou dommage, vous devez nous fournir immédiatement, à vos frais, toutes les preuves du sinistre et accomplir toutes les formalités nécessaires pour nous permettre d'obtenir le paiement de l'indemnité. La remise à l'assureur d'un exemplaire du présent Acte de charge constitue une autorisation suffisante lui permettant de nous verser le montant de cette indemnité ou d'accepter nos instructions relatives au règlement du sinistre.

À notre choix, le montant de l'indemnité peut en totalité ou en partie :

- a) être affecté à la reconstruction ou à la réparation des immeubles endommagés;
- b) vous être versé;
- c) être versé à une autre personne propriétaire ou à un ancien propriétaire de l'unité foncière, selon ce qu'indique le titre de propriété enregistré.

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d) être affecté à la réduction intégrale de toute portion du montant du prêt, qu'il soit ou non arrivé à échéance.

Si l'unité foncière est une partie privative d'une copropriété, les dispositions de l'alinéa E de l'article 21 sont applicables, mais non celles du présent article 11.

12. MAINTIEN DES LIEUX EN BON ÉTAT

Vous vous engagez à maintenir les locaux en bonne condition et à y effectuer toutes les réparations nécessaires. Vous ne pouvez faire et n'autorisez personne à faire quoi que ce soit qui puisse diminuer la valeur de l'unité foncière. Nous pouvons en faire l'inspection à toute heure raisonnable. Au cas où nous jugerions que :

- vos locaux ne sont pas tenus en bon état;
- vous faites ou tolérez quoi que ce soit susceptible de diminuer la valeur de l'unité foncière;

nous pouvons effectuer les réparations que nous estimons nécessaires. Vous devez nous rembourser immédiatement tous les frais d'inspection et de réparation engagés par nous.

13. DISPOSITIONS RELATIVES À L'ENVIRONNEMENT

Nous (et, aux fins du présent article, la Société canadienne d'hypothèques et de logement, s'il s'agit d'un prêt assuré par cette société) pouvons inspecter l'unité foncière et les bâtiments qui s'y trouvent, quand nous le jugeons à propos. Nous pouvons procéder à de telles inspections à toutes fins utiles, mais en particulier pour effectuer des évaluations environnementales, des évaluations des lieux et les vérifications ou études que nous jugeons nécessaires. Les frais engagés pour de telles évaluations, vérifications ou études sont à votre charge et doivent nous être remboursés dès réception d'un avis à cet effet. S'ils ne sont pas acquittés sur demande, ces frais s'ajoutent au solde du prêt et portent intérêt au taux applicable à ce prêt. Aucune intervention de notre part en application des dispositions du présent article n'est assimilable à une prise de contrôle de l'unité foncière.

14. EXIGIBILITÉ ANTICIPÉE DU PRÊT

Nous pouvons exiger le paiement immédiat du montant du prêt si :

a) vous omettez d'acquitter un versement mensuel ordinaire ou tout autre paiement dont vous nous êtes redevable aux termes de l'Acte de charge;

b) vous ne remplissez pas certaines autres obligations contractées en vertu de l'Acte de charge;

c) un privilège est enregistré à l'encontre de l'unité foncière ou nous sommes avisés par écrit qu'un privilège a été constitué en raison du non-paiement de l'impôt foncier, des charges communes dans le cas d'un logement en copropriété, d'un jugement, du privilège d'un constructeur ou d'autres charges semblables;

d) l'unité foncière est abandonnée;

e) des travaux de construction, d'agrandissement ou de rénovation entrepris sur l'unité foncière demeurent inachevés, l'arrêt des travaux se poursuivant depuis trente jours consécutifs;

f) dans le cas d'un PHTV sans taux plafond, le solde du prêt et tous les montants garantis par une hypothèque, un privilège ou toute charge grevant votre unité foncière, excèdent 105 % du montant décaissé initialement;

g) vous, ou un tiers utilisant votre unité foncière avec votre autorisation, utilisez votre unité foncière à des fins illicites.

15. NOMINATION D'UN SÉQUESTRE

Si vous omettez d'acquitter une mensualité à l'échéance ou tout autre paiement dont vous nous êtes redevable, ou de satisfaire aux obligations contractées aux termes de l'Acte de charge, nous pouvons désigner par écrit un **séquestre** (y compris un séquestre-gérant) qui sera chargé de percevoir les revenus afférents à l'unité foncière. Nous pouvons également désigner par écrit un nouveau séquestre en remplacement de celui désigné par nous précédemment. Le séquestre est réputé être votre mandataire et non le nôtre et vous assumez la responsabilité de ses manquements.

Le séquestre est habilité :

- à exercer tout recours disponible (en votre nom ou au nôtre) en vue de percevoir les revenus afférents à l'unité foncière;
- à prendre possession de tout ou partie de l'unité foncière; et
- à l'administrer et à la conserver en bon état.

Sur les revenus perçus, le séquestre peut :

a) conserver une commission égale à 5 % du total des fonds perçus, ou d'un taux plus élevé autorisé par un juge ou un autre fonctionnaire public;

b) conserver une somme suffisante pour acquitter les frais engagés pour percevoir ces revenus;

c) acquitter tous impôts et taxes, primes d'assurance-incendie, frais d'entretien de l'unité foncière, intérêts dus, charges qui ont priorité sur notre créance hypothécaire et intérêts connexes;

d) acquitter l'intérêt qui nous est dû en vertu de l'Acte de charge et nous verser toute autre somme payable aux termes dudit Acte de charge, qu'elle soit échue ou non.

Aucune intervention du séquestre ne peut avoir pour effet de nous mettre en possession de l'unité foncière ou de nous rendre redevable de toutes sommes, à l'exception de celles qui nous ont été versées.

16. EXERCICE DE NOS DROITS

A. Défaut de paiement

En cas de non-paiement d'une mensualité à l'échéance ou de tout autre paiement auquel vous êtes tenu en vertu de l'Acte de charge, nous pouvons exercer un ou plusieurs des recours suivants, sans ordre prédéterminé :

i) **Poursuite –** Nous pouvons vous intenter, s'il y a lieu, une action afin d'obtenir le remboursement du montant du prêt.

ii) **Forclusion ou vente de l'unité foncière –** Nous pouvons entamer une poursuite en vue d'obtenir une ordonnance de forclusion de vos droits, titre et droit de rachat sur tout ou partie de l'unité foncière. Si nous obtenons une ordonnance définitive portant forclusion, l'unité foncière deviendra de plein droit notre propriété.

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Nous pouvons également nous adresser à un tribunal pour que soit ordonnée la vente de l'unité foncière. Dans un tel cas, le tribunal veille au déroulement de la procédure. Le produit net de la vente est affecté à la réduction du montant du prêt. Toute somme restante, une fois les créances réglées, vous est remise. Si le produit de la vente ne couvre pas intégralement le montant du prêt, vous devez nous verser la différence.

iii) **Pouvoir de vendre** – Lorsqu'un paiement est en souffrance depuis quinze jours, nous pouvons, moyennant un préavis de 35 jours, pénétrer dans l'unité foncière et :

a) en prendre possession;

b) vendre tout ou partie de l'unité foncière (au comptant ou à crédit, ou partiellement au comptant et partiellement à crédit) par vente publique ou de gré à gré, au prix et aux conditions qu'il appartient de déterminer;

c) la donner en location, à des conditions et pour une durée qu'il nous appartient de déterminer;

d) exercer tout autre recours à notre disposition en vertu des lois de l'Ontario.

Tout avis est donné, à vous et aux autres intéressés, selon les formes prescrites par la loi au moment de la notification. En l'absence de telles exigences, notification peut vous être donnée de l'une ou plusieurs des façons suivantes :

- notification en personne à votre dernière adresse connue;
- envoi recommandé à votre dernière adresse connue;
- avis dans un journal publié dans le comté ou la localité où se trouve l'unité foncière;
- remise sur place à un adulte;
- affichage d'un avis sur l'unité foncière.

Après un retard de paiement de trois mois, nous sommes fondés à pénétrer dans l'unité foncière, à la vendre ou à la louer, sans vous adresser d'avis, sauf s'il est requis par la loi.

Le produit net de la vente ou de la location peut être affecté en réduction du montant du prêt, et tout solde restant vous est remis, une fois toutes les créances remboursées. Si le montant que nous touchons de la vente ou de la location de l'unité foncière ne couvre pas entièrement le montant du prêt, vous devez nous verser la différence.

B. Manquement aux obligations, défaut de paiement compris – Si vous manquez aux obligations qui vous incombent aux termes de l'Acte de charge (défaut de paiement explicité sous A compris), nous sommes fondés à exercer nos droits susmentionnés, à pénétrer dans l'unité foncière en tout temps, sans la permission de quiconque, et à prendre toutes mesures que nous jugeons souhaitables aux fins suivantes :

- inspecter, louer, ou administrer l'unité foncière, et percevoir tous loyers;
- y réparer ou remettre en état tout bâtiment;
- y achever la construction de tout bâtiment.

Nous pouvons également prendre toutes mesures nécessaires pour prendre, recouvrer et conserver la possession de l'unité foncière.

C. Vente de biens (prêts hypothécaires commerciaux uniquement) – Si le prêt en cause est un prêt hypothécaire commercial, en cas de non-paiement d'une mensualité à l'échéance, nous pouvons saisir vos marchandises. En d'autres termes, il nous est loisible de prendre ces marchandises et de les vendre, en conformité avec les lois de l'Ontario. Le produit net d'une telle vente peut être appliqué en réduction du montant du prêt. Une telle intervention ne peut nous mettre en possession de l'unité foncière, ni engager notre responsabilité à l'égard de sommes quelconques, sauf celles réellement perçues.

D. Aucune opposition de votre part – Vous vous engagez à ne pas faire opposition à la prise de possession de l'unité foncière (si cette prise de possession découle de l'exercice de nos droits précités), ainsi qu'à la prise de possession par des tiers, en cas de vente ou de location par nous ou par un séquestre. Vous vous engagez, en pareil cas, à ne pas poursuivre en justice l'acquéreur, le locataire ou un séquestre, ou quiconque pourra en faire l'acquisition ou la location par la suite.

E. Nos frais – Vous êtes tenu de nous rembourser immédiatement tous les frais engagés pour faire valoir nos droits, notamment ceux engagés pour prendre ou garder possession de l'unité foncière, la rémunération des services du personnel de la Société hypothécaire Scotia et/ou de La Banque de Nouvelle-Écosse, nos frais juridiques sur une base avocat-client, et tous autres frais relatifs à la protection de nos droits en vertu de l'Acte de charge.

F. Jugements – Au cas où un jugement serait rendu contre vous du fait de l'inobservation de vos obligations aux termes de l'Acte de charge, il n'y a pas alors confusion des droits découlant d'un tel jugement avec nos autres recours ou droits, aux fins d'assurer l'exécution de vos autres obligations en vertu de l'Acte de charge. Nous continuons d'avoir droit au paiement de l'intérêt calculé sur le montant du prêt au taux qui lui est applicable, aux intervalles prévus aux termes de l'Acte de charge. L'intérêt prévu en cas de jugement est calculé aux mêmes conditions que celui payable sur le montant du prêt; et ce jusqu'à ce que le jugement ait cessé de produire ses effets.

17. EXERCICE DIFFÉRÉ DE NOS DROITS

Ni un délai de paiement ou une prorogation de la durée consenti à vous ou à une autre personne du fait de l'exercice de nos droits aux termes de l'Acte de charge et ni la conclusion d'un accord visé à l'article 20, n'a d'incidence sur nos droits :

a) de recevoir tous paiements dont vous nous êtes redevable, lorsqu'ils sont dus et exigibles;

b) d'exiger le remboursement du montant du prêt et de tous intérêts échus, en cas de défaut de paiement de votre part;

c) d'exiger l'accomplissement de toutes les obligations qui vous incombent aux termes de l'Acte de charge;

d) d'assurer le respect des obligations contractées envers nous par toute autre personne aux termes de l'Acte de charge.

18. PRÊT HYPOTHÉCAIRE À LA CONSTRUCTION

Par **amélioration**, il faut entendre toute modification, ajout ou réparation apporté à un bâtiment faisant partie de l'unité foncière, ou toute construction, aménagement ou installation, qui y est effectué. Si l'objet du prêt est de financer une telle amélioration, vous devez nous en informer par écrit immédiatement et avant le décaissement de toute avance aux termes du présent Acte de charge. Vous devez également nous remettre sans délai copies de tous contrats et contrats de sous-traitance ayant trait à ces travaux et de toutes dispositions modificatives s'y rapportant. Les travaux doivent être effectués uniquement selon les contrats, les plans et les devis ayant reçu au préalable notre approbation écrite. Ces travaux de construction ou d'amélioration doivent être

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effectués avec toute la diligence possible et sur demande, vous devez nous fournir tous documents justifiant du paiement de ces travaux. Nous vous consentirons des avances (à valoir sur le montant du principal) selon l'avancement des travaux, jusqu'à l'achèvement et l'occupation ou la vente de l'unité foncière. Il nous appartient de déterminer l'opportunité et le moment de telles avances. Quel que soit l'objet du prêt, nous pouvons, si nous le jugeons à propos, faire une retenue sur le montant des avances, jusqu'à ce que nous ayons la certitude que vous vous êtes conformé aux dispositions relatives aux retenues prévues dans la Loi sur le privilège dans l'industrie de la construction, et dans toute version modifiée de cette loi. Vous nous autorisez à fournir des renseignements concernant l'Acte de charge à toute personne bénéficiant d'un privilège du constructeur.

19. MAINLEVÉE DE L'HYPOTHÈQUE SUR L'UNITÉ FONCIÈRE

Nous pouvons fixer les conditions pour la mainlevée de nos droits sur tout ou partie de l'unité foncière (nous pouvons en d'autres termes la libérer totalement ou partiellement de cette charge), que nous ayons ou non reçu une contrepartie. En cas de libération partielle de l'unité foncière, la partie restante continue de garantir le montant du prêt. Nous n'avons à rendre compte que des sommes effectivement perçues.

Si l'unité foncière est lotie avant que nos droits sur celle-ci prennent fin, la garantie que constitue la présente hypothèque porte sur chacun des lots subdivisant l'unité foncière. Cela signifie que chaque lot garantit le remboursement du plein montant que vous nous devez, même si nous accordons la mainlevée de la présente hypothèque relativement à d'autres lots du bien-fonds.

Si une partie de l'unité foncière ou tout terrain attenant à celle-ci fait l'objet d'une expropriation ou d'une autre procédure semblable, le montant total de l'indemnité à laquelle vous pourriez avoir droit peut être affecté, si nous le jugeons à propos, au remboursement du solde exigible sur le prêt hypothécaire, y compris les pénalités, les frais ou l'intérêt auxquels nous avons droit aux termes du présent Acte de charge ou en vertu des lois applicables.

Nous pouvons vous libérer, de même que le garant ou toute autre personne, de l'exécution d'une obligation prévue dans le présent Acte de charge ou dans un autre document constitutif de garantie, sans qu'il y ait libération de quelque partie de l'unité foncière affectée en garantie ou de toute autre sûreté. Une telle libération ne libère pas une autre personne de ses obligations aux termes du présent Acte de charge.

20. RENOUVELLEMENT OU MODIFICATION DU PRÊT HYPOTHÉCAIRE

Nous pouvons passer des conventions écrites avec vous (ou avec toute personne à qui l'unité foncière est cédée) afin d'apporter aux conditions du prêt hypothécaire des modifications telles que la prorogation des délais de paiement, le renouvellement ou la prolongation de la durée, la modification du taux d'intérêt, etc. Que l'unité foncière soit grevée ou non par une autre charge au moment de la passation d'une convention, l'enregistrement d'une telle convention modificative n'est pas requis pour maintenir la priorité du rang de l'hypothèque sur tout autre acte enregistré après l'octroi du prêt. Toute référence dans le présent Acte de charge au prêt hypothécaire s'entend du prêt hypothécaire tel que modifié par une telle convention.

21. DISPOSITIONS RELATIVES AUX CONDOMINIUMS

Si l'unité foncière est une partie privative d'un condominium, vous devez respecter les modalités énoncées dans le présent article 21, en plus des autres dispositions du présent Acte de charge (à l'exception de celles qui figurent à l'article 11).

Dans le présent article, la Loi sur les condominiums, y compris toutes dispositions nouvelles ou modifiées de cette loi, est désignée la **Loi**. Les termes utilisés ci-après ont le sens qui leur est attribué dans la Loi, sauf que l'expression **propriété condominiale** a le même sens que le terme «propriété» utilisé dans la Loi.

A. Vous vous engagez à vous conformer aux dispositions de la Loi, ainsi qu'à la déclaration, au règlement administratif et aux règles de l'**association condominiale** visant la propriété condominiale, et à nous fournir, sur demande, des preuves que vous respectez ces exigences.

B. Aux dates d'échéance, vous devez régler à l'association condominiale le montant des dépenses communes. Si, par ailleurs, nous exerçons notre droit de percevoir votre quote-part de ces dépenses, vous devez nous en faire tenir le montant, au reçu d'un avis de notre part à cet effet. Nous pouvons nous fonder sur un relevé en apparence émis par l'association condominiale comme d'une preuve suffisante du montant des dépenses communes et de leur date d'échéance.

C. Vous devez nous transmettre tous avis, évaluations, règlement administratif, règles et états financiers que l'association condominiale peut ou doit vous adresser.

D. Vous devez tenir en bon état les améliorations apportées à l'unité et y effectuer, s'il y a lieu, les réparations nécessaires.

E. **Assurances** – Indépendamment des assurances que doit souscrire l'association, vous êtes tenu :

i) d'assurer les améliorations apportées par vous-même ou les précédents propriétaires à l'unité;

ii) de souscrire une assurance pour les risques supplémentaires que nous pouvons vous indiquer;

iii) de tenir assurés vos droits indivis ou autres dans les immeubles en copropriété (actuels ou futurs, au stade de la construction et par la suite), qui font partie de la propriété condominiale ou des actifs de l'association condominiale, si celle-ci néglige de le faire ou si nous vous donnons des instructions à cet effet;

iv) de nous céder vos polices d'assurance et (dans les limites permises par la loi) vos droits sur les polices souscrites par l'association;

v) de nous fournir une preuve que l'assurance est en vigueur, ainsi qu'un justificatif du renouvellement ou du remplacement de l'assurance, dans les quinze jours qui précèdent son expiration ou sa résiliation;

vi) d'accomplir toutes les formalités nécessaires pour assurer le paiement de l'indemnité prévue.

Les polices d'assurance souscrites par vous (et par l'association) doivent être conformes aux règles suivantes :

- l'unité condominiale doit être assurée contre les dommages ou la destruction causés par l'incendie, et contre tous autres risques stipulés par nous à la pleine valeur de remplacement en dollars canadiens (montant maximum de la couverture);
- la compagnie d'assurances et les modalités de la police doivent avoir notre agrément.

À défaut de votre part d'assurer l'unité condominiale en accord avec les dispositions du présent article 21, nous pouvons souscrire à votre place, sans y être tenus, les assurances requises, et vous devez nous rembourser aussitôt les primes s'y rapportant. En cas de sinistre, vous vous engagez à nous fournir, immédiatement, à vos frais et en votre nom et celui de l'association condominiale, toutes les preuves requises, et à accomplir les formalités nécessaires pour nous permettre d'obtenir le paiement de l'indemnité. Vous devez faire en sorte que l'association condominiale s'acquitte de ses charges et obligations aux termes de la **Loi sur les condominiums** et de son règlement administratif.

Dans les limites permises par la loi, le produit de l'assurance peut, en tout ou en partie :

a) être affecté à la reconstruction ou à la réparation de l'unité;

b) vous être versé;

c) être versé à toute autre personne propriétaire ou qui a déjà été propriétaire de l'unité, selon ce qu'indique le titre de propriété; ou

d) être affecté, si nous le jugeons à propos, à la réduction d'une partie du montant du prêt, qu'il soit ou non arrivé à échéance.

F. Frais supplémentaires à votre charge – Outre les charges afférentes à nos autres droits et recours aux termes de l'Acte de charge, vous devez nous régler sans délai les frais que nous avons engagés du fait :

- de tout règlement administratif, de toute résolution, règle ou autre point (sauf dans le cas où un vote de la majorité présente à l'assemblée est requis);
- de l'exercice de nos droits pour obtenir de l'association ou de tout propriétaire l'adhésion à la loi, à la déclaration, au règlement administratif et aux règles;
- de l'exercice de tout droit de vote dont nous pouvons disposer.

Lorsque nos frais concernent l'unité ainsi que d'autres, vous n'avez à acquitter que les frais applicables à la vôtre.

G. Droits de vote et autres droits – Vous nous autorisez à exercer, aux termes de la Loi, votre droit de vote pour ou contre la question mise aux voix. Nous sommes également autorisés à exercer vos droits aux fins suivantes :

- exiger de l'association qu'elle rachète l'unité et vos droits indivis, lorsque la Loi le permet;
- faire évaluer l'unité et vos droits indivis ou la propriété condominiale par voie d'arbitrage;
- recevoir votre part de l'actif de l'association et le produit de la vente de l'unité et de vos droits indivis ou de la propriété condominiale ou d'une quelconque portion des parties communes.

Vous pouvez exercer vos droits, selon les instructions que nous vous donnons, si nous choisissons de ne pas les exercer. Avant une telle intervention de votre part, vous devez obtenir au préalable notre autorisation écrite. Une telle autorisation est requise même si nous ne disposons pas vis-à-vis de l'association d'un tel droit d'intervention, et même si nous avions déjà pris des mesures pour vous permettre d'exercer ce droit.

Aucun acte que nous accomplissons en application des dispositions du présent article n'a pour effet de nous mettre en possession de la propriété condominiale. Nous ne sommes nullement responsables des actes autorisés par vous que nous pourrions accomplir ou du défaut d'exécution de tels actes. Nous pouvons en tout temps révoquer les dispositions prises par nous pour vous permettre d'exercer vous-même les pouvoirs que vous nous aviez délégués.

H. Nos autres droits en vertu de l'Acte de charge – Vous nous autorisez de plus à :

i) inspecter la propriété condominiale à tout moment jugé raisonnable;

ii) y effectuer des travaux de réfection ou de réparation au cas où elle subirait des dommages;

iii) examiner les registres de l'association;

iv) intervenir au cas où vous négligeriez d'observer les dispositions de la Loi, de la déclaration, du règlement administratif et des règles de l'association.

I. Exigibilité anticipée du montant du prêt – Le montant du prêt peut, à notre gré, devenir payable immédiatement dans les circonstances suivantes :

i) l'association omet de se conformer à la Loi, à la déclaration, au règlement administratif et aux règles de ladite association;

ii) l'association néglige :
  - de tenir assurées les unités condominiales et les parties communes conformément aux dispositions de la Loi et aux exigences supplémentaires que nous pouvons fixer;
  - d'assurer ses éléments d'actif, sur notre demande et selon nos stipulations;
  - de nous fournir, sur demande de notre part, une preuve que l'assurance est en vigueur;
  - d'accomplir les formalités requises pour obtenir le paiement de l'indemnité d'assurance;

iii) l'association ne s'acquitte pas, à notre avis, de la gestion de la propriété condominiale et des éléments d'actif comme il convient;

iv) l'association omet de tenir ses éléments d'actif en règle et en bon état de fonctionnement;

v) l'association apporte aux parties communes ou à ses éléments d'actif des modifications importantes sans avoir obtenu au préalable notre autorisation;

vi) les propriétaires ont subi des dommages substantiels et votent en faveur de la dissolution de la propriété condominiale;

vii) la vente de la propriété condominiale ou d'une portion des parties communes est autorisée;

viii) un tribunal ordonne que la propriété condominiale cesse d'être régie par la Loi;

ix) la propriété condominiale cesse d'être régie par la Loi.

Le fait d'avoir voté pour une telle dissolution, vente, ou ordonnance, ou le retrait de la propriété condominiale de l'autorité de la Loi, ou d'y avoir consenti, n'ont aucune incidence sur l'intégrité de nos droits.

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J. **Dissolution de l'association** – Au cas où la propriété condominiale cesserait d'être régie par la Loi

- les conditions de l'Acte de charge continuent de s'appliquer;
- vous nous autorisez à conclure un accord avec un tiers sur le partage de la propriété condominiale. Nous paierons ou percevrons toute somme requise pour assurer un partage égal et vous nous rembourserez aussitôt toute somme que nous aurons ainsi déboursée. Nous sommes habilités à signer tous documents et à accomplir tous actes nécessaires à la réalisation de ce partage;
- vous devez nous remettre votre part de l'actif de l'Association et le produit de la vente de l'unité et de votre quote-part des parties communes, ou de la propriété condominiale ou d'une portion des parties communes (sauf notification contraire de notre part formulée par écrit), et prendre toutes mesures nécessaires à cette fin;
- les sommes que nous encaissons ainsi (déduction faite de nos frais) peuvent être affectées en réduction du montant du prêt, et remise vous est faite de tout solde résiduel après paiement intégral de notre créance.

22. QUITTANCE

À notre choix, lorsque nos droits sur l'unité foncière prennent fin, nous préparons, signons et publions une quittance complète de notre créance et vous remettons une confirmation de quittance, ou nous préparons et vous remettons une mainlevée de la charge/l'hypothèque immobilière dûment signée mais non publiée. Vous devez nous accorder un délai suffisant pour la préparation, l'examen, la signature et la publication de la quittance et acquitter les frais courants que nous exigeons pour la préparation, l'examen et la signature d'une quittance, et si nous choisissons de publier la quittance de notre créance, les frais courants que nous exigeons pour la publication d'un tel document ainsi que tous les frais juridiques et autres que nous avons engagés pour la quittance complète de notre créance. Si nous vous fournissons une mainlevée de la charge/l'hypothèque, les formalités et les frais de publication des documents ainsi que tous les frais connexes vous incombent.

Lorsque nos droits sur l'unité foncière prennent fin, et si vous nous demandez de céder le prêt hypothécaire, nous vous préparons une cession de prêt hypothécaire. Vous devez nous accorder un délai suffisant pour la préparation, l'examen et la signature du document et nous payer les frais courants que nous exigeons pour la préparation, l'examen et la signature du document ainsi que tous nos frais juridiques et autres que nous avons engagés à cette fin. Les formalités et les frais de publication de la cession vous incombent.

23. INTITULÉS

Les intitulés sont destinés à faciliter la lecture du texte et n'en font pas partie intégrante.

24. PARTIES LIÉES AUX TERMES DE L'ACTE DE CHARGE

Vous convenez de vous conformer à toutes les conditions et obligations stipulées dans l'Acte de charge, lequel lie également vos héritiers, successeurs et ayants droit, nos successeurs et ayants droit et toute personne à qui l'unité foncière aura été transférée. Il engage également tout bénéficiaire d'une cession effectuée à notre initiative. Les personnes qui apposent leur signature sur le présent Acte de charge à titre de débiteurs hypothécaires sont responsables conjointement et individuellement de l'accomplissement des obligations contractées en vertu de l'Acte de charge.

25. EXCLUSION DE CERTAINES DISPOSITIONS LÉGALES

Les obligations énoncées à l'article 7(1) de la Loi portant réforme de l'enregistrement immobilier, et dans les dispositions nouvelles ou modificatives s'y rattachant, ne font pas partie intégrante des obligations contractées aux termes de l'Acte de charge.

26. CAUTIONNEMENT

Dans le présent article, le terme **garant** désigne toute personne ayant signé l'Acte de charge à titre de garant. Le terme **débiteur hypothécaire** désigne la(les) personne(s) qui y a(ont) apposé sa(leur) signature à ce titre et le terme **unité foncière** désigne le bien grevé par l'hypothèque.

En contrepartie du prêt que nous avons octroyé au débiteur hypothécaire, le garant, lequel a apposé sa signature sur l'Acte de charge, garantit le paiement des versements à la charge dudit débiteur hypothécaire (intérêt compris, qu'il y ait ou non modification du taux d'intérêt) et l'observation des ses autres obligations aux termes de l'Acte de charge. Au cas où le débiteur hypothécaire omettrait d'acquitter un versement ou de s'acquitter de quelque obligation aux termes de l'Acte de charge, le garant s'oblige à se substituer à celui-ci pour le règlement de tout versement impayé et l'accomplissement de telles obligations. S'il y a pluralité de garants, ceux-ci sont conjointement et individuellement responsables avec le débiteur hypothécaire de l'ensemble des obligations contractées en vertu de l'Acte de charge.

Sans que la responsabilité du garant soit de quelque façon réduite, sans obtenir son consentement et sans lui donner de préavis, nous pouvons :

- accorder des délais de paiement et des prorogations de la durée du prêt, renouvellements du prêt et de sa durée compris;
- majorer le taux d'intérêt applicable au prêt hypothécaire, pendant la durée initiale et toute durée subséquente;
- détacher de la garantie hypothécaire ou de toute autre sûreté la totalité ou une partie de l'unité foncière;
- prendre à l'égard du débiteur hypothécaire ou d'une autre personne (y compris un garant), de toute sûreté (garantie hypothécaire comprise) ou de l'unité foncière, toute mesure jugée opportune, notamment la libération, la réalisation ou le remplacement de toute sûreté que nous détenons en garantie;
- renoncer à toute condition de l'Acte de charge ou modifier certaines de ses modalités au cours de sa durée initiale ou d'une durée subséquente;

et ce, avant ou après toute demande de paiement faite à quiconque, sans porter atteinte à l'intégrité du cautionnement. Pour obtenir le paiement de notre créance, nous sommes fondés à nous adresser en premier à tout garant plutôt qu'au débiteur hypothécaire ou à toute autre personne (y compris un garant), et à faire valoir nos droits au titre de toute sûreté (l'hypothèque comprise). Les obligations d'un garant engagent également ses successeurs et ayants droit.

27. TAUX CORRESPONDANTS

Aux termes de l'Acte de charge, le taux d'intérêt est applicable au calcul mensuel et non d'avance de l'intérêt sur le montant du prêt. Le tableau ci-dessous indique les taux d'intérêt correspondants, lorsque le calcul de l'intérêt se fait semestriellement et non d'avance.

Intérêts calculés mensuellement, non d'avance (% l'an)	Intérêts équivalents calculés semestriellement, non d'avance (% l'an)	Intérêts calculés mensuellement, non d'avance (% l'an)	Intérêts équivalents calculés semestriellement, non d'avance (% l'an)
2.0000	2.00835	11.000	11,25519
2.1250	2.13443	11,125	11,38605
2.2500	2,26057	11,250	11,51699
2.3750	2.38678	11,375	11,64800
2.5000	2.51306	11,500	11,77907
2.6250	2.63940	11,625	11,91021
2.7500	2.76580	11,750	12,04141
2.8750	2.89228	11,875	12,17269
3.000	3.01881	12,000	12,30403
3.125	3.14542	12,125	12,43544
3.250	3.27208	12,250	12,56692
3.375	3.39882	12,375	12,69846
3.500	3.52562	12,500	12,83008
3.625	3.65249	12,625	12,96176
3.750	3.77942	12,750	13,09351
3.875	3.90642	12,875	13,22533
4.000	4.03348	13,000	13,35721
4.125	4.16061	13,125	13,48916
4.250	4.28781	13,250	13,62118
4.375	4,41507	13,375	13,75327
4.500	4.54240	13,500	13,88543
4,625	4,66979	13,625	14,01766
4.750	4.79725	13,750	14,14995
4.875	4.92478	13,875	14,28231
5.000	5.05237	14,000	14,41474
5.125	5.18003	14,125	14,54724
5.250	5.30776	14,250	14,67981
5.375	5.43555	14,375	14,81244
5.500	5,56341	14,500	14,94514
5,625	5,69133	14,625	15,07791
5,750	5.81932	14,750	15,21075
5,875	5,94738	14,875	15,34366
6,000	6.07550	15,000	15,47664
6.125	6,20369	15,125	15,60968
6.250	6.33195	15,250	15,74279
6.375	6,46027	15,375	15,87597
6.500	6.58866	15,500	16,00922
6,625	6,71711	15,625	16,14254
6,750	6.84564	15,750	16,27593
6,875	6.97423	15,875	16,40939
7,000	7,10288	16,000	16,54291
7,125	7,23160	16,125	16,67650
7,250	7,36039	16,250	16,81016
7,375	7,48925	16,375	16,94389
7.500	7,61817	16,500	17,07769
7,625	7,74716	16,625	17,21156
7,750	7,87621	16,750	17,34550
7,875	8,00534	16,875	17,47950
8,000	8,13452	17,000	17,61358
8,125	8,26378	17,125	17,74772
8,250	8,39310	17,250	17,88193
8,375	8,52249	17,375	18,01621
8,500	8,65195	17,500	18,15056
8,625	8,78147	17,625	18,28498
8,750	8,91106	17,750	18,41947
8,875	9,04072	17,875	18,55403
9,000	9,17045	18,000	18,68865
9,125	9,30024	18,125	18,82335
9,250	9,43010	18,250	18,95811
9,375	9,56002	18,375	19,09295
9,500	9,69002	18,500	19,22785
9,625	9,82008	18,625	19,36282
9,750	9,95021	18,750	19,49786
9,875	10,08040	18,875	19,63297
10,000	10,21066	19,000	19,76815
10,125	10,34099	19,125	19,90340
10,250	10,47139	19,250	20,03872
10,375	10,60185	19,375	20,17411
10,500	10,73238	19,500	20,30956
10,625	10,86298	19,625	20,44509
10,750	10,99365	19,750	20,58068
10,875	11,12438	19,875	20,71635
		20,000	20,85208

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Dated this 26th day of January, 2006

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200610 Cote

Craig Riddle
Assistant General Manager
Scotia Mortgage Corporation
I have the authority to bind the corporation.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200611 Cote
Filing Date March 3rd 2006 Date de Dépôt
Page 1 of/de 30 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

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Ontario
Page 1 of 30

Standard Charge Terms
Land Registration Reform Act

Filed By:	CIBC Mortgages Inc.
Filing Number:	
Filing Date:	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms:

Mortgage means:

- the Charge/Mortgage of Land which is the part of this mortgage that is or will be registered against the title to your property;
- this set of Standard Charge Terms;
- any Schedules that are attached to the Charge/Mortgage of Land; and
- any renewals or amendments.

You and **your** mean each person, corporation, and other entity who has signed the mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity.

We, us, and **our** mean CIBC Mortgages Inc.

CIBC means Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. It includes all buildings and structures on the land now or added later, as well as anything now or later attached to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount is the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Your regular payment means the amount of each payment as described on the Charge/Mortgage of Land.

Loan amount means the amount of money you owe us at any given time under this mortgage. It is the balance you owe on the loan. The loan amount may include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other charges and interest on other charges. Other charges may include the expenses of enforcing our rights as well as paying off any prior charges against your property. These may include such things as:

- costs for preparing and registering this mortgage;
- costs for providing insurance, if we decide to insure your property;
- costs for inspecting your property;
- all of our administrative and legal costs; and
- paying any charges or liens against your property that we have not agreed to in our loan approval document such as taxes owing on your property.

Interest Adjustment Date is the date identified as the interest adjustment date in the mortgage.

CIBC Prime Rate is the annual variable reference rate of interest that CIBC declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

Mortgage Year means the 12-month period following the interest adjustment date and each anniversary of the interest adjustment date.

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2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property to us. In return, we make a loan to you for the principal amount, or any part of the principal amount as is advanced to you from time to time. This means that your interest in your property is security to us for repayment of the loan amount and your performance of all your obligations under the mortgage.

You agree to pay the loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage, including paying all taxes on your property.

Our interest in your property ends when you have repaid the total loan amount, as provided in the mortgage, and you have met all of your obligations under this mortgage.

2.1 Your interest in your property

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this mortgage.

If you are a tenant or a lessee of your property, you charge and sublease your entire interest in your property to us for the entire term of the lease (except the last day), including any renewals. Your interest in your property includes any option or right of first refusal to purchase.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately. If you do not pay them, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

2.2 Who is obligated by this mortgage

The obligations under this mortgage are the collective and individual responsibility of each person, corporation and other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage and paying the entire loan amount, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Our successors and anyone to whom we transfer this mortgage is also obligated by this mortgage.

2.3 Changing or renewing this mortgage (also important to anyone who has a subsequent interest in your property)

We may make written agreements with you to change any part of this mortgage. These agreements could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the mortgage. Even if we do not register these agreements, this mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the mortgage.

Any new agreement we make with any borrower or any other person who is obligated to pay the loan amount will not release or affect the liability of others who are obligated under this mortgage, even if they do not sign or are not advised of the new agreement.

2.4 *Building mortgage*

If the mortgage is used to finance an improvement, you agree to make the improvement only according to plans and specifications that we have approved. Improvements include any construction or installation on your property or any alteration, addition or repair to any building or structure on your property.

You must complete the improvement as quickly as is reasonably possible and must meet all government requirements and building standards that apply to your property. If we ask you to, you will provide us with proof that you have met all government requirements and building standards that apply to your property. You must pay for all costs associated with providing this proof.

You will be responsible for all costs related to the improvement and will provide us with proof that you have paid all money that is owed in connection with the work.

We may make advances to you based on progress in completing the improvement or upon its completion. In the case of a building, we may also make advances to you based on its occupancy or the sale of the building. You agree to pay us our administration and processing fees in effect at the time for any advances we make that are based on progress. You must pay us these administration and processing fees immediately. If you do not pay them, we may declare that you are in default on the mortgage, or add the fees to the loan amount, or do both.

We may hold back money from any advances until we are satisfied that all obligations under the *Construction Lien Act* are met. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

We may obtain an order removing any construction lien, and, if we think it is necessary, we may provide financial guarantees or other security to obtain such an order. You must immediately pay all of our expenses for this, including any charges for providing financial guarantees. If you do not pay these expenses, we may declare that you are in default on the mortgage, or we may add the amount payable to the loan amount, or we may do both.

2.5 *Making material changes*

Any agreement, whether verbal or in writing, to make material changes to the mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original Charge/Mortgage of Land, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the mortgage.

2.6 *Mortgages with deposits*

If required under the terms of your mortgage loan, you will deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the principal amount advanced. You will earn interest on this deposit at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days of the date of funding. If this is not done, you authorize us to apply the deposit on account of the mortgage principal and the monthly payment will be adjusted to reflect the lower principal balance. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

3. Interest

3.1 *Interest rate*

You will find the interest rate on the Charge/Mortgage of Land or on the Schedule attached to the Charge/Mortgage of Land.

Interest is payable on the loan amount at this rate until the total loan amount has been paid, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.2 *Payment frequency*

Interest is payable at the frequency shown on the Charge/Mortgage of Land.

3.3 *If you have a fixed interest rate mortgage*

If you have a fixed interest rate mortgage, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

3.4 *If you have a variable interest rate mortgage*

(applies ONLY to a Variable Rate Mortgage, Special Variable Rate Mortgage, Variable Rate Closed Mortgage and Variable Rate Open Mortgage)

Because the interest rate on your loan is variable, the interest rate in effect at any particular time is called your current mortgage rate.

If you have a **Variable Rate Closed Mortgage**, a **Variable Rate Open Mortgage**, or a **Special Variable Rate Mortgage**, the interest rate will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The CIBC Prime Rate will vary from time to time. The principal and interest payment will be recalculated every time the CIBC Prime Rate changes, based on the current mortgage rate and the remaining amortization period of the mortgage.

If you have a **Variable Rate Mortgage**, the interest rate will be the CIBC Prime Rate in effect on the first day of each month, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The interest rate will be adjusted on the first day of each month. However, the first interest rate adjustment will not occur until three months from the interest adjustment date.

For all variable rate mortgages, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

The interest rate will change **automatically** every time there is a change in the CIBC Prime Rate. These changes will occur without you being notified.

Within a reasonable time after each change in the CIBC Prime Rate, we may send you a letter telling you the current mortgage rate, and the date it became effective, and if applicable, the new principal and interest payment amount. We will mail this letter to the address we have on file for you. The interest rate will still vary whether or not we have sent you a letter about the change, or whether you have received the letter. However, if we do send you the letter, we may continue to accept or process the same payment amount that we processed before the change in the CIBC Prime Rate until a reasonable time after the letter was sent to you. You can always find the current CIBC Prime Rate at any CIBC branch in Canada.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

If there is a need to prove the CIBC Prime Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

3.5 *Deferred Interest/Negative Amortization*

If your regular principal and interest payment is not sufficient to cover the interest on the mortgage from one regular payment date to the next, the interest outstanding is called deferred interest. Deferred interest is added to the outstanding principal balance on your mortgage. When deferred interest is added to your outstanding principal balance, negative amortization can occur. This means that the amortization period of your mortgage may increase rather than decrease. In addition, when deferred interest is added to the outstanding principal balance of your mortgage, the entire amount becomes principal, and interest is charged on it at the current mortgage rate.

3.6 *Interest on amounts advanced to you before the interest adjustment date*

If this is a fixed rate mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated using the rate and method in effect for your mortgage on the date we advance you the money. You can find out what this rate is by contacting us or any CIBC branch in Canada.

If this is a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage or a Variable Rate Open Mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated in the manner outlined in the Charge/Mortgage of Land and the rate will be the lower of the following two rates:

- the initial interest rate set seven days before the date of advance; and
- the current mortgage rate in effect on the date of advance.

If this is a building mortgage, interest on progress advances is calculated daily. It is payable monthly up to the interest adjustment date established for the initial term of the mortgage. We may deduct the interest owing on any advance from future advances, without making any adjustment. In cases where more than 30 days have passed between advances, you must pay interest on previous advances as soon as it is invoiced or deducted from your account. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. We will deduct any interest owed on the interest adjustment date established for the initial term of the mortgage from the last substantial advance.

3.7 *Interest on overdue amounts*

If you do not make the regular mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is shown on the Charge/Mortgage of Land and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

3.8 *Interest adjustment when payment frequency changes*

If you are not in default on your loan, you may change your payment date or payment frequency to any of the options available for your type of mortgage at the time you make the change. If you choose to change your payment date or payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your loan, or we may add the interest adjustment and administration or processing fees to the loan amount, or we may do both.

3.9 *Increase and Blend*

[(does NOT apply to Variable Rate Mortgages, Special Variable Rate Mortgages, Variable Rate Closed Mortgages, Variable Rate Open Mortgages, or Auto 6 Plus (Convertible 6) Mortgages)]

As long as you meet our mortgage approval criteria, including those relating to the borrower and mortgage terms, you may:

- increase the principal amount secured; and/or
- extend the term of the mortgage.

If you do either or both of these, the interest rate that will apply will be blended to reflect the existing mortgage rate, the prevailing rates, prepayment charges, and administration and processing fees, if any.

3.10 *U.S.A. resident*

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us.

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In these cases, the interest rate on your mortgage is or will be based on our normal lending rates multiplied by 1.1111. This is done to cover our obligations to remit this tax to the U.S.A. tax authorities.

We may change this formula any time during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority in the U.S.A., makes a change to the amount of tax to be paid.

For example, if you are a resident of the U.S.A. when you sign the mortgage, and the normal lending rate is 6.250% a year, your interest rate will be 6.944% a year. This is equal to 6.250% x 1.1111.

Or, if you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% a year, your new interest rate will be 6.944% a year, which is equal to 6.250% x 1.1111.

4. Payments on the loan amount

4.1 Currency and place of payment

You will pay the loan amount to us in Canadian dollars at the address shown on the Charge/Mortgage of Land.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 Regular payments

You must make regular payments to us for the principal and interest. The amount of each payment and the payment dates are shown on the Charge/Mortgage of Land. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the loan amount on the balance due date. You can find the balance due date on the Charge/Mortgage of Land.

4.3 Bank account for payments

You must maintain a bank account that is satisfactory to us with a Canadian financial institution and give us authorization to automatically deduct each payment of principal, interest, taxes and life insurance premiums (if applicable) when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your loan, or add these fees to the loan amount, or do both.

4.4 Payments on amounts advanced to you before the interest adjustment date

We may advance to you part of the principal amount before the interest adjustment date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the interest adjustment date:

- we may ask you to pay the interest on this amount on the interest adjustment date;
- we may deduct the interest from your bank account on the interest adjustment date;
- we may deduct the interest from the remaining amount of the principal that we advance to you; or
- we may deduct the interest from your bank account on the first regular payment date.

4.5 *The effect of variable interest rates on your payments*

(applies ONLY to Variable Rate Mortgages, Special Variable Rate Mortgages, Variable Rate Closed Mortgages, and Variable Rate Open Mortgages)

If you have a variable rate mortgage, the interest rate on your mortgage will change from time to time. However, your regular principal and interest payment may be fixed for the term of the mortgage, unless you change your regular payment as allowed by this mortgage.

Your regular payments are applied first to interest owing on the outstanding principal amount up to the date of the payment. The rest of the payment, if any, is applied to the principal amount based on the rules outlined in section 4.8 below. If the interest rate increases, a larger portion of your regular payment will be applied to interest and a smaller portion of your regular payment will be applied to the principal amount. The result will be that you may owe more on the balance due date than was originally stated in the Mortgage Disclosure Statement.

If the interest rate increases to the point that your payment amount no longer covers the interest owing on your mortgage, you may be required to increase the amount of your regular payment so that the mortgage will be repaid over the remaining balance of the original amortization period. The rate of interest that will cause this to happen is stated in the Mortgage Disclosure Statement that you signed.

4.6 *Payment on default*

If you do not meet one or more of your obligations under the mortgage, including your obligation to make payments, you must immediately pay to us all outstanding amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest, taxes and life insurance premiums (if applicable) on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the loan amount. We may also use any of our rights stated in section 4.7 below.

4.7 *Demand to repay the total loan amount immediately*

We may require you to repay the total loan amount immediately if:

- you do not make any payment required by the mortgage;
- you do not meet one or more of your obligations under the mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this mortgage, or when you applied for the mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days; or
- your property is abandoned.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this mortgage.

4.8 *How we apply your payments*

We will apply payments we receive from you in the following order:

1. To pay any life insurance premiums on the mortgage.
2. To bring into good standing any accounts related to the mortgage for which we are holding funds for payment to others, including tax accounts.
3. To pay for the cost of optional services made available by us and selected by you.
4. To pay any collection expenses or any applicable administration and processing fees.

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5. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the principal amount accumulated up to, but not including, the payment date.

6. To reduce the principal amount.

However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

Here is an example of how payments are normally applied and how you can estimate how much of your regular payment will be applied to principal and how much will be applied to interest. The result you get will only be an estimate. We use a precise formula to calculate these amounts, which has been simplified for the example. As a result, the actual amounts may be higher or lower than the estimates. You can contact us to find out exactly how each of your payments is applied.

Example of how to estimate how much of your payment is applied to principal and how much is applied to interest

Mary and Sebastian have a variable rate mortgage with monthly payment dates. Every month, they pay $557.50. Of this payment, $62.00 is for life insurance premiums and $55.00 is for estimated taxes. At the last payment date, the principal amount they still owed was $87,500.00. Their current mortgage rate for the period is 4.000%, and there are 28 days in the current payment period.

In addition, they owe the following amounts:

Deferred Interest:	$40.00
Collection Expenses:	$45.00

Here is how they can estimate how much of their next payment will be applied to interest and how much will be applied to principal.

Step 1: Total payment	$557.50
Step 2: Subtract life insurance premium	$62.00
Step 3: Subtract estimated taxes	$55.00
Step 4: Subtract collection expenses	$45.00
Step 5: Estimate and subtract interest on the principal amount	

Interest on the principal amount can be estimated using the following formula:

$$\text{Principal Amount} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$87{,}500.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$268.49$$

Step 6: Subtract deferred interest owing	$40.00
Step 7: Estimate and subtract interest on the deferred interest	

Interest on deferred interest can be estimated using the following formula:

$$\text{Deferred Interest} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$40.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$0.12$$

Step 8: Estimated amount left to be used to reduce the principal amount	$86.89

4.9 *Changing the amount of your regular payments*

To qualify for increasing or decreasing your payments, you must meet the following conditions:

- you must have met all your obligations under the mortgage;

- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you have a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage, or a Variable Rate Open Mortgage, once each mortgage year you may increase the amount of your regular payment to any amount, without paying a prepayment charge as long as the amortization period is not reduced to less than five years. Once each mortgage year, you may also decrease the amount of your regular payment without paying a prepayment charge as long as the resulting amortization period is not longer than the remaining time left in the original amortization period. These privileges are non-cumulative. This means that you cannot carry forward unused allowable increases or decreases in payments to future mortgage years.

If you have a fixed rate mortgage with a term of 2 years or longer (other than a Basic Mortgage) or an Auto 6 Plus (Convertible 6) Mortgage or Auto 12 Plus (Convertible 12) Mortgage, once each mortgage year, you may increase the amount of your regular payment by up to 25% of the original payment amount, without paying a prepayment charge. However, this amount is limited to 15% if you have an Auto 6 Plus (Convertible 6) mortgage. Once each mortgage year, you may also decrease the amount of your payment, but only if the amortization period for the mortgage which results from that decreased payment amount does not exceed the remaining amount of time left in the original amortization. These privileges are non-cumulative. This means that you cannot carry forward unused allowable increases or decreases in payments to future mortgage years.

If you have a Basic Mortgage, you may not increase or decrease your regular payment amount.

4.10 Prepaying your open mortgage without paying a prepayment charge

(applies ONLY if you have a variable rate open mortgage)

If you have a **Variable Rate Open Mortgage**, you may prepay any part of the outstanding loan amount on a regular payment date or the full outstanding loan amount at any time without a prepayment charge. To qualify, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

4.11 Prepaying your closed mortgage without paying a prepayment charge

If you have a **fixed rate mortgage, with a term of 2 years or longer (other than a Basic Mortgage) a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage, an Auto 6 Plus (Convertible 6) Mortgage, or an Auto 12 Plus (Convertible 12) Mortgage**, each mortgage year, you may prepay up to 20% of the original principal amount without paying a prepayment charge. However, this amount is limited to 10% if you have an Auto 6 Plus (Convertible 6) mortgage. The following conditions apply:

- you may only make a prepayment on a regular payment date;
- the minimum prepayment is $100.00;
- if you do not use any or all of this privilege in a mortgage year, you cannot carry forward any unused portion of the privilege to a future mortgage year;
- this right of prepayment without paying a prepayment charge does not apply if you prepay the entire principal amount of the mortgage, even if you have not used this privilege in the mortgage year when the mortgage is paid off;
- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you have a **Variable Rate Mortgage** or a **Special Variable Rate Mortgage**, you can make a partial prepayment that is more than the 20% allowed or prepay all of the outstanding principal amount in the fourth and fifth year of the term without a prepayment charge. However, any partial prepayment must be made on a regular payment date.

4.12 Prepaying the loan amount with prepayment charges

Prepayment charges will be payable in addition to regular interest at the rate specified in your mortgage and, where applicable, interest in connection with payments we have not processed between the date on which you made your last regular payment and the prepayment date.

Ordering the mortgage payout statement

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

After the end of the fifth year of your mortgage

If the term of your mortgage is greater than five years and you are not a corporation, you may prepay the entire outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay. Interest costs will be calculated at your mortgage interest rate that is in effect on the prepayment date.

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Before the end of the fifth year of your mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

Prepaying your Basic Mortgage

On each anniversary date of the interest adjustment date, you may prepay up to 10% of the original principal amount, as long as you pay a prepayment charge equal to three months' interest on the amount prepaid. The prepayment charge will be calculated using your annual interest rate in effect on the date of prepayment, plus any discount you received on your annual interest rate. This privilege is non cumulative. This means that you cannot carry forward any unused allowable prepayments to future anniversary dates of the interest adjustment date.

This mortgage is closed, and other partial prepayments are not permitted. However, you may pay off the full amount of the mortgage at any time after the third anniversary of the interest adjustment date (or any renewal of the interest adjustment date), but only if you pay three month's interest cost on the amount prepaid. We will calculate interest at annual interest rate in effect, plus any discount you received on your annual interest rate, on the date we prepare the mortgage payout statement.

Prepaying your Variable Rate Closed Mortgage

If you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months interest on the amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at CIBC Prime Rate on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be CIBC Prime Rate on the date we generate the mortgage payout statement.

Prepaying your Variable Rate Mortgage or Special Variable Rate Mortgage

If, during the first three years of the term, you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to two months' interest on the amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at CIBC Prime Rate on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to two months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be CIBC Prime Rate on the date we generate the mortgage payout statement.

Prepaying your Auto 6 Plus (Convertible 6) Mortgage or Auto 12 Plus (Convertible 12) Mortgage

You may only make a prepayment more than what is allowed in section 4.11 above if you pay off the full amount of the mortgage at any time, but only upon an arm's length sale of the property with supporting documentation. In this case, you must pay a prepayment charge equal to 1% of the outstanding principal balance of the mortgage on the date of prepayment.

Prepaying a fixed rate mortgage with a term of two years or longer (other than a Basic Mortgage)

If you want to prepay more than what is allowed in section 4.11 above in a mortgage year, a prepayment charge will apply.

The prepayment charge will be the higher amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount that is subject to a prepayment charge, calculated at your existing annual interest rate on the date of prepayment (plus any discounts you received on your existing annual interest rate); or
- the interest rate differential amount.

If you are making a **partial** prepayment, the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from the prepayment date to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from the prepayment date to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date of prepayment for a closed President's Choice Financial brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
    - the remaining term of your mortgage;
    - the features of your mortgage; and
    - whether you have a conventional or a high-ratio mortgage.

If you are prepaying **all** of the outstanding principal amount, the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from your last scheduled regular payment date which falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from your last scheduled payment date that falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date we prepare the mortgage payout statement for a closed President's Choice Financial brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
    - the remaining term of your mortgage;
    - the features of your mortgage; and
    - whether you have a conventional or a high-ratio mortgage.

4.13 Prepayments if the property has more than four living units or if the property is used for commercial, industrial or non-residential purposes

If your property has more than four living units or is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

4.14 Prepayment charges for U.S.A. residents

If you are a resident of the United States of America (U.S.A.) for tax purposes at the time you prepay your mortgage, any prepayment charges may be considered as "interest" for U.S.A. tax purposes. In these cases, we have the right to increase the prepayment charge by multiplying it by 1.1111 to cover the tax which may be imposed by the U.S.A. tax authorities on your prepayment charges.

4.15 Date of the mortgage

You agree that for purposes of defining the date of the mortgage for any statutory right of prepayment, renewal and early renewal, the date of the mortgage is the interest adjustment date. This is the case even if the mortgage or renewal agreement or early renewal agreement was signed on a different date.

4.16 Repaying the cash back option

If you have a mortgage that offered a cash back option, you may be required to repay us all or a portion of the cash amount received. You may be required to do this if, for any reason, any of the following occur before the maturity date of the mortgage:

- any of the terms and conditions of the original mortgage are changed;
- the mortgage is refinanced, or you renew the mortgage early;
- the mortgage is assumed;
- you sell your property and buy another property within 90 days and we finance the new mortgage under section 15, "Portability" in these Standard Charge Terms; or
- the mortgage is discharged.
- we sell your property under power of sale or foreclosure.

We will determine the amount and method of calculation for the amount to be repaid based on your mortgage documents.

The repayment of the cash received under a cash back option is separate from any prepayment charges or fees that are applicable to the mortgage.

We may add the repayment amount to the principal amount owing at the time the mortgage is amended, discharged, assumed, refinanced or when you take advantage of early renewal or portability.

5. Early renewal of fixed rate mortgages

(applies ONLY if you have a fixed rate mortgage)

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you cannot renew your mortgage early.

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may renew the mortgage before the balance due date. However, the following conditions apply:

- you must have met all your obligations under the mortgage;
- you must apply to us in writing;
- you must select from the mortgage options that we offer under the CIBC brand at the time you apply for early renewal;
- you must select from the mortgage options that we offer at the time you apply for early renewal;
- you must sign a mortgage amending agreement or an early renewal agreement, in a form acceptable to us, which will contain all of the changed terms and conditions;
- the interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage amending agreement or the early renewal agreement;
- you must pay us any administration and processing fees that apply to early renewal;
- you must pay us any accumulated interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to the early renewal of your mortgage, including the costs of registration of the renewal documents.

You must pay us all amounts related to the early renewal immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

6. Converting your mortgage

(applies ONLY if you have a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage, a Variable Rate Open Mortgage, an Auto 6 Plus (Convertible 6) Mortgage or an Auto 12 Plus (Convertible 12) Mortgage.

If you have met all your obligations under the mortgage, you may convert your mortgage to another President's Choice Financial brand mortgage with an interest rate and terms that we offer to you at the time you convert the mortgage. The following conditions apply:

- if you have a **Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage or a Variable Rate Open Mortgage**, you may convert your mortgage to any type of mortgage then offered by us under the President's Choice Financial brand for National Housing Act insured loans with a fixed rate and with equal monthly payments and a for a term of three years or longer, up to a maximum of five years if your property is rental property or a maximum of ten years if your property is owner-occupied;
- if you have an **Auto 6 Plus (Convertible 6) Mortgage or an Auto 12 Plus (Convertible 12) Mortgage**, you may convert to any type of mortgage then offered by us under the President's Choice Financial brand having a term of more than one year;
- you must apply in writing to our Mortgage Servicing Division;
- you must sign our mortgage conversion or amending agreement, which will contain all changed terms and conditions of the mortgage option you select;
- the new interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage conversion or amending agreement;
- the new payments will begin on the first or second scheduled payment date following conversion as determined by us;
- you must pay us any administration and processing fees that apply to converting the mortgage;
- you must pay us any interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to converting your mortgage, including the costs of registration of the conversion documents.

If, for any reason, a mortgage amending agreement is not signed, your written request to convert your mortgage will be binding on you and we are entitled to rely on it.

You must pay us all amounts related to converting your mortgage immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply. Any prepayment privileges will be contained in the conversion or amending agreement you sign, whether or not you have signed it.

7. Designated amount

(applies ONLY if you have a Variable Rate Mortgage)

The designated amount is equal to 105% of the original principal amount of the mortgage or may be another amount that we have agreed to in writing.

If at any time the outstanding loan amount exceeds the designated amount, we will require you to do one or more of the following:

- increase the amount of your regular payment so the mortgage will be repaid completely over the remaining time in the original amortization period;
- reduce the loan amount owing by making a lump sum payment to reduce the outstanding loan amount below the original principal amount; or
- convert the mortgage to a fixed rate mortgage according to the requirements outlined in section 6, "Converting Your Mortgage".

If you do not do so, we have the right to:

- require you to pay the entire loan amount immediately; or
- increase your regular payment amount so that the mortgage will be repaid completely over the remaining time in the original amortization period.

8. Automatic renewal of the mortgage

8.1 Automatic Renewal for an Auto 6 Plus (Convertible 6) Mortgage or an Auto 12 Plus (Convertible 12) Mortgage

The mortgage will be automatically renewed at the end of the term (6 or 12 months) for a term equal to the original term. The following conditions apply:

- You must have met all of your obligations under the mortgage.
- You must have maintained a satisfactory payment record.
- The interest rate charged during each renewal term will be the lower of our posted rate on the renewal date for this type of mortgage or the guaranteed renewal rate.

We will send you a letter outlining the guaranteed renewal rate 30 days before the end of each term. You may terminate this automatic renewal clause and pay out the mortgage in full at the end of any term by notifying us of your decision to do so at least 15 days before the end of the term.

8.2 Automatic renewal for mortgages with an original term greater than 12 months

You agree to either pay all money owing under the mortgage on the maturity date or to return the signed renewal agreement on or before the maturity date. If you do not, the mortgage will be considered to be renewed as an Auto 6 Plus (Convertible 6) Mortgage with the terms and conditions stated in the renewal agreement.

9. Your obligations related to your property

9.1 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

9.2 If you are a tenant or a lessee of your property

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign the mortgage.
- You have met all of your obligations under your lease up to the date you sign the mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, or registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rents and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.
- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.

- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in the property and in your lease has been fully charged to us and that the loan amount is adequately secured. You will pay all costs and charges related to doing so.
- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.
- You will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for us. You will only deal with your property on the last day in the way that we require. You will have the same rights arising from this paragraph of your mortgage as you already have under the rest of the mortgage and under the law. You agree that we may remove you or any other person as trustee of this trust, and that we may appoint a new trustee.
- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.
- If we enforce our rights under the mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors.
- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under the mortgage, including our right to sell your property under power of sale.

9.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

9.4 Insurance

(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid.

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Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your mortgage, or add the amount to the loan amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the loan amount, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you.

9.5 *Property taxes*

On or before the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay current or future taxes.

After the interest adjustment date, you agree to pay us, on each regular payment date, a tax instalment in an amount based on the estimated annual taxes that will be payable for the year following that regular payment date. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments.

If you want to take advantage of any discount or to avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices. If you do not pay us, we will add these costs to the loan amount.

We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

If you do not meet any one or more of your obligations under the mortgage, we may apply any money that we have received for property taxes to any portion of the loan amount. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay property taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must repay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to the loan amount. If, for any reason, you do not pay the taxes when required, then we will require that you pay the property taxes to us as described above.

9.6 *Repairs*

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may declare that you are in default on your mortgage, or add the costs to the loan amount, or do both.

9.7 *Leasing or renting your property to another person*

If your property is approved by us as owner-occupied residential premises, you certify that no part of your property is rented or occupied by a tenant. You also agree **not** to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease on your property.

If your property is a rental property, we must consent to any rental. You also assign to us all leases, lease agreements and renewals, present and future, and all rents payable under these leases and agreements, and all rights under these leases and agreements as they affect your property. You must obtain our written approval before any future leases of your property are made, and before the renewal of any lease (unless it is a renewal provided for in a lease we have already approved).

If you lease any part of your property to another person in the future, you must do the following, if we ask you to:

- Sign and deliver to us an assignment of all leases, lease agreements, renewals, rents payable under the leases and agreements, and all rights contained in the leases, lease agreements and renewals that affect your property. The assignment must be suitable for registration and acceptable to us. We may also require that the assignment provide for obtaining estoppel certificates from tenants. We may also require that the assignment include specific assignments of leases. An estoppel certificate is a written statement from a tenant certifying, for example, the terms of the lease, or any promises made to them about the lease.
- Give us security on fixtures, equipment and other movable property or chattels as we may reasonably require.

You must pay all of our expenses related to the additional security. These expenses may include legal fees and registration costs.

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If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will also be considered to have done this to adversely affect the value of our interest in the property, as described in the *Mortgages Act*.

If you do not meet one or more of these obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the full loan amount immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property.

Nothing we do under this section will be considered as us taking possession of your property.

9.8 *Hazardous or illegal substances, environmental regulations, and illegal activities*

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If your mortgage is insured by the Canada Mortgage and Housing Corporation (CMHC) or by Genworth Financial Mortgage Insurance Company Canada (Genworth), CMHC or Genworth, or their agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the costs of any testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we, CMHC, or Genworth enforce our rights under this section, we, CMHC or Genworth will not be considered to have taken possession, management or control of your property. This also applies to our agents and agents of CMHC and Genworth.

9.9 Ontario New Home Warranties Plan Act

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

9.10 Possession of your property on default

You certify to us that if you fail to meet any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference.

10. Condominium

(applies ONLY to property that is a condominium unit)

10.1 Compliance with the Condominium Act, 1998

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

10.2 Payment of amounts and common expenses

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

10.3 Notices and demands

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;

- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

10.4 Voting rights

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

10.5 Acceleration of repayment of the loan amount

At our option, the loan amount will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws or rules and regulations;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements as required by section 10.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

10.6 Insurance

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or

- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

11. Our rights

11.1 We are under no obligation to make advances to you under the mortgage

We may, for any reason, decide not to advance you all or any part of the principal amount, even if:

- you have signed this mortgage;
- this mortgage has been registered; or
- we have already given you part of the principal amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the mortgage. These costs will include legal fees, charged on a "substantial indemnity" basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the mortgage, or add them to the loan amount, or do both.

11.2 Releasing your property from the mortgage

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the loan amount. Your obligations, and the obligations of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

11.3 Enforcing our rights

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the mortgage, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference.
- **Appoint a receiver.** We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
  - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
  - its own commission as receiver;
  - all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing;

  - interest owing under the mortgage; and
  - all or any part of the loan amount, whether it is due or not.
- **Sue you.** We may take any action that is necessary to collect the loan amount.
- **Lease your property or collect rents.** If you are in default on the mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Power of sale.** If you are in default on the mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale, after paying all costs and expenses, to reduce any part of the loan amount. We will only be responsible for the money remaining after we pay all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Foreclosure or sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
- **Cure any defaults.** We can cure any defaults under the mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

11.4 Delay in enforcing our rights

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the mortgage;
- require payment of the loan amount if you are in default; and
- require any other person, including a guarantor, who has obligations under the mortgage, to meet those obligations.

If you are in default, we may require you, or anyone else who is obligated by this mortgage, including any guarantor, to pay the total loan amount.

11.5 If we do not enforce our rights on a particular default

In some cases, we may not enforce our rights on a particular default by you, or a guarantor. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

11.6 Court orders and judgments

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage, including our right to receive interest as required by the mortgage.

11.7 Doctrine of consolidation

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

11.8 Administration and processing fees

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of your mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the loan amount. We will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your mortgage, or add these fees to the loan amount, or do both.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available from any CIBC branch in Canada, or by contacting us.

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11.9 Certain actions we can take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you are a tenant or a lessee of your property, we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

Any payments we make under the mortgage will be added to the loan amount. We will charge you interest on these payments from the date we pay them at the interest rate specified in your Charge/Mortgage of Land. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

12. What happens if your property is sold or transferred

If you transfer title, or agree to transfer title, to your property to anyone without first obtaining our written approval, we may require you to pay the entire loan amount immediately. Accepting any payment from any person who we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the full loan amount immediately.

You agree to give us sufficient information to enable us to decide whether we should give our written approval. After we have received this information, we will make our decision as soon as possible. We will not unreasonably withhold our approval.

If you exercise this privilege, there may be an administration and processing fee. You must pay us these fees immediately. If you do not, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if:

- we give our written approval to you to transfer title to your property;
- the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and
- you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons, and, if we request it, one or more guarantee agreements.

13. Guarantee

Each person who signs the mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the loan amount as and when required by the mortgage; and
- to meet all other obligations of the borrower under the mortgage.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

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If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage. This means that each individual guarantor is responsible for meeting all obligations under the mortgage, including payment of the entire loan amount.

We may, at any time or times, do any of the following, without notifying any guarantor and without obtaining the consent of any guarantor:

- extend the time for payment;
- give a renewal;
- amend any agreement;
- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the mortgage; and
- deal with any other matter affecting the mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

14. Assumption of the mortgage

If you are not the original borrower, you agree to all obligations of the original borrower under the mortgage as if you had signed the original mortgage.

15. Portability

If you have met all your obligations under the mortgage and you have agreed to sell your property and purchase another property within 90 days of the sale of your original property, we may provide financing for the purchase of the new property. The following conditions apply:

- You must apply in writing.
- You will be required to give us a mortgage on your new property.
- The sale of your original property must be in good faith and be an "arms-length" sale. In most cases, an arm's length sale is one where the buyer and seller are unrelated. That is, they have no personal or business relationship with each other. If the buyer and seller do have a personal or business relationship, the sale must be at a fair market value to be considered "arms-length."
- On the date you complete the sale of your original property, an amount sufficient to pay the principal amount, interest to the date of the new mortgage and any prepayment charges due under this mortgage will be held by us. We will release these funds when the new mortgage is registered, as long as it is registered within 90 days. If it is not registered within 90 days, we will apply the amount held by us to prepay the mortgage in full, including any prepayment charges and administration fees that may apply.
- You will continue to make regular payments under this mortgage.
- The term of the new mortgage must be equal to the remaining term of the original mortgage.
- If the principal amount of the new mortgage is the **same as** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage.

- If the principal amount of the new mortgage is **less than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage. In this case, we will **not** refund to you any prepayment charge you paid on the amount of the outstanding principal amount of the original mortgage that is greater than the principal amount of the new mortgage.
- If the principal amount of the new mortgage is **greater than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate for the new mortgage will be:

Original Mortgage Type	**Interest Rate**
Variable rate mortgage	The variable interest rate for this mortgage.
Fixed rate mortgage (with a remaining term of 24 months or less)	A rate that blends: • the interest rate for this mortgage, and • the rate of interest we offer on the date the new mortgage is advanced for a fixed rate closed President's Choice Financial brand mortgage product similar to yours having a 24-month term.
Fixed rate mortgage (with a remaining term of more than 24 months)	A rate that blends: • the interest rate for this mortgage, and • the rate of interest we offer on the date the new mortgage is advanced for a fixed rate closed President's Choice Financial brand mortgage product similar to yours having a term similar to the remaining term of this mortgage.

- Our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage must be met. This includes the mortgage insurance requirements of the Canada Mortgage and Housing Corporation (CMHC) or Genworth Financial Mortgage Insurance Company Canada (Genworth), if applicable.
- You will be responsible for paying all applicable processing or administration fees, all legal and appraisal fees and other expenses incurred in connection with the new mortgage.

16. Expropriation

If your entire property is expropriated, the loan amount will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, plus any loss of interest.

17. *Family Law* Act

You certify to us that all information that you gave us about your marital status and your property when applying for the loan, and the statements made in the Charge/Mortgage of Land are true and accurate under the *Family Law Act*.

18. If part of the mortgage is not valid

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

19. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the mortgage.

20. *National Housing* Act

All CMHC insured mortgages are made according to the *National Housing Act*.

21. Reference to laws

Any reference to legislation in the mortgage includes amendments and replacements to that legislation in force from time to time.

22. Collecting, using, and disclosing your personal information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about your mortgage;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, maintain and collect upon your mortgage. We will use and disclose your personal information according to CIBC's privacy policies which are outlined in CIBC's brochure, "Your Privacy Is Protected." This privacy policy may be amended, replaced or supplemented from time to time. You can get information on our current privacy policy by contacting any branch of CIBC.

You agree that we may enter into this mortgage on behalf of another entity, as an agent or nominee, and also that we may assign this mortgage to another entity. In these cases, the entity is known as the "beneficial owner." We can do this whether or not the beneficial owner is named in this mortgage. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns the mortgage. We may also disclose your personal information to any service provider. A service provider is any person or entity that:

- is involved in the servicing, maintenance, collection or operation of the mortgage; or
- provides services or benefits to you under the mortgage, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your mortgage application, and ongoing information and documentation about you and your mortgage sufficient for the beneficial owner, agent, assignee and service provider to administer the mortgage and exercise their rights under it.

23. Discharge

After you have paid us the loan amount, we will sign a discharge and send it to you within a reasonable time. Or, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge.

For purposes of calculating per diem interest, funds received after 3.00 p.m. on any business day will be considered to have been received on the next business day.

You will pay our usual administration and processing fee for preparing, reviewing and signing of any such documents and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

DATED at Toronto, this 17th day of February, 2006.

Jane Chung

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200611 Cote

Commercial – Collateral Security

Land Registration Reform Act (Ontario)

Set of Standard Charge Terms

filed on March _____, 2006 as Standard Charge Terms No. 2006

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200612 Cote
Filing Date March 8th /06 Date de Dépôt
Page 1 of/de 17 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Filed by: GE Canada Equipment Financing G.P.

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the *Land Registration Reform Act*

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PART 1. MEANING OF TERMS USED IN THE MORTGAGE

1.1 What certain terms mean. Terms used in the mortgage have the following meanings:

1.1.1 **"business day"** means any day other than a Saturday, Sunday or public holiday in the province in which the real estate is situated.

1.1.2 **"hazardous substances"** means any hazardous substances, contaminant, hazardous, dangerous, poisonous, noxious, toxic, radioactive or bioaccumulative, chemical, substance, waste, material, petroleum product or similar term that are defined and regulated pursuant to law.

1.1.3 **"including"** means including without limitation, and **"includes"** means includes, without limitation.

1.1.4 **"law"** includes law that is either enacted or part of the common law. Enacted law includes law made by the federal or a provincial government, by a municipality or by any other governmental body. Enacted law includes an act, regulation, order in council, bylaw or judgment. Law also includes an act, regulation, order in council or bylaw. Law also includes a governmental action, such as an order, direction, notice or approval.

1.1.5 **"lease"** means a lease of all or part of the real estate, an agreement to give a lease of all or part of the real estate and an agreement giving anyone a right to occupy or use all or part of the real estate (except a right of way or other easement). If there has been an agreement changing the terms of such a lease or agreement, it means the lease or agreement as so changed. Where lease refers to an agreement giving anyone a right to occupy all or part of the real estate, landlord means the person whose interest is subject to the right and tenant means the person who has the right. In all cases lease includes a sublease. Lease shall, in all cases, include all existing and future leases.

1.1.6 **"Lender Party"** is defined in section 3.1.

1.1.7 **"mortgage"** means the mortgage form together with every schedule to the charge and these standard charge terms (as far as they are not excluded or varied).

1.1.8 **"mortgage form"** means the charge/mortgage of land form signed by you (or, if in electronic form, deemed to be signed by you) and that refers to these Standard Charge Terms.

1.1.9 **"payment obligations"** means the obligations to pay money that are secured by the mortgage.

1.1.10 **"property tax"** means every kind of tax, rate, duty, levy, charge, imposition, assessment and fee on the property or any part of it or in respect of the property or any part of it, whether it is in favour of a municipal, provincial, federal or other authority and whether it is of a kind that exists when the mortgage is signed or comes into existence after then. It does not include a tax on us in respect of our overall net income or gains or a tax in respect of a transfer by us of our interest in the mortgage or of the payment obligations.

1.1.11 **"property"** means any property an interest in which is intended to be subject to the mortgage. It includes the real estate and rights assigned to us.

1.1.12 **"real estate"** means the land an interest in which is intended to be subject to the mortgage. It includes buildings and the other things that the real estate includes and that are referred to in part 5.

1.1.13 **"we" and "us"** means each chargee to whom the mortgage is given.

1.1.14 **"work"** on real estate includes constructing anything that will become part of the real estate, altering the real estate, adding to the real estate, repairing the real estate and demolishing a part of the real estate.

1.1.15 **"you"** means each person who has signed the mortgage as a chargor.

1.1.16 **"person"** includes a corporation, trust, partnership or other entity.

1.2 **Interpretation generally.** Where the mortgage refers to a person, thing or action, the reference includes, where the context allows, more than one person, thing or action. Where the mortgage refers to more than one person or thing or action, the reference includes, where the context allows, any of them. The division of the mortgage into parts and sections, the use of headings, and the provision of any table of contents are for convenience of reference only and do not affect the construction or interpretation of the mortgage.

1.3 **Conflict.** If there is a conflict or inconsistency between the provisions of the mortgage and the commitment letter (or loan agreement or environmental indemnity agreement) made between you and a Lender Party, the provisions of the commitment letter (or loan agreement environmental indemnity agreement) shall prevail. However, the existence of additional terms, conditions or provisions (including any rights, remedies, representations or warranties) that are contained in the mortgage and that are not included in the commitment letter (or loan agreement) shall not be construed or deemed as being in conflict and shall remain in effect.

PART 2. PRELIMINARY MATTERS

2.1 **Your knowledge.** A statement by you to us in the mortgage may be limited to what you know. Where this is so, you state that you have done what a reasonable person would do to verify the statement.

2.1.1 **Reasonable Legal Fees.** Wherever the mortgage requires you to pay our legal fees, such legal fees shall be reasonable and actually incurred by us or by any other Lender Party.

2.2 **Information supplied.** You state that, as far as you know, all information that you have supplied to us for the mortgage is substantially accurate and complete.

2.3 **Documents.** You state that you have given us a copy of all of the following documents relating to the real estate that are in your possession or control: documents affecting the title to the property (except those available in the land registry office), surveys, tests and reports.

2.4 **Legal obligations.** You state that you are not a party to any legal proceeding (except a proceeding that you have informed us about in writing) and are not in serious default under any of your significant legal obligations. You state that, as far as you know, nothing has occurred that gives us the right to take action under part 7 or would have given us that right if we had not been required to give a notice or allow time to pass.

2.5 **Work on the real estate.** You state that you are not giving the mortgage to secure the financing of work on the real estate except as far as you have informed us otherwise in writing.

2.6 **Condition of property.** You state that, as far as you know, the property has no defect that cannot be found by a reasonable inspection.

2.7 **Legal requirements.** You state that, as far as you know, the property and its use comply substantially with every law. If we are making a loan for work on the real estate, you state that, as far as you know, the law permits the work and its use.

2.8 **Environmental matters.**

2.8.1 **Hazardous Substances.** You state that, as far as you know, nothing that is part of the real estate contains or has been contaminated by hazardous substances that cause or are likely to cause harm to the life or health of a human being. You state that, as far as you know, the lands and buildings adjacent to the real estate do not contain or have not been contaminated by hazardous substances that cause or are likely to cause harm to the life or health of a human being. This does not apply to anything about which you have informed us in writing.

2.8.2 **Our loss.** You agree to pay to us and the other persons described below all loss that we or they suffer and that is caused by a breach of any law relating to the real estate or its use, or by hazardous substances in, on or under the real estate during the term of the mortgage. The following terms apply to this agreement:

2.8.2.1 The other persons whose loss you are to pay are our directors, officers, employees and agents.

2.8.2.2 The loss that you are to pay includes loss from a liability or from an expense relating to the liability.

2.8.2.3 You must pay the loss whether the breach has occurred, or the hazardous substances are in, on or under the real estate, when the mortgage is signed or occurs or comes in, on or under the real estate after then.

2.8.2.4 Your liability under this paragraph continues indefinitely, even after the mortgage has been discharged.

2.9 **Statements on advances.** You agree that your statements in the mortgage are true when you give the mortgage and will be true each time you accept an advance from us or any other Lender Party.

PART 3. WHAT IS SECURED

3.1 **What is Secured.** You are giving the mortgage as general and continuing collateral security for the due and timely payment and satisfaction of all amounts owing by you to any one or more of us, GE Canada Real Estate Financing Limited Partnership, GE Canada Leasing Services Company, GE Canada Asset Financing Inc., General Electric Canada Real Estate Finance Inc., GE Canada Equipment Financing G.P. or General Electric Canada Equipment Finance G.P. (collectively with us, the "**GE Entities**") or to any of the GE Entities' nominees or affiliates (collectively with the GE Entities, the "**Lender Parties**") at any time until the mortgage is discharged by us and also for the performance of all your obligations contained in any agreement you have made with us or any other Lender Party. For greater certainty, amounts owing by you will include all your liabilities to any Lender Party, however incurred, whether prior to, at the time of or subsequent to your signing the mortgage and any unpaid balance of such amounts, including advances to you, under any fixed or revolving credit facilities established at any time, overdrawn accounts, obligations discounted for you or your account, as applicable, any of your obligations under any contract of guarantee now or later in existence by which you guarantee payment of the debts, liabilities and obligations of any Lender Party, all amounts of principal advanced to you at any time and from time to time, and all interest, damages, costs charged and expenses that may become due or payable by you to any Lender Party or that may be paid or incurred by for your account.

3.2 **Changes.** We may increase, reduce, discontinue or otherwise vary your credit arrangements, grant extensions of time or other indulgences, take and give up securities, abstain from taking, perfecting or registering securities, accept compositions and proposals, grant releases and discharge and otherwise deal with you and other persons (including any person to whom all or part of the property is transferred) and with any securities as we may see fit without affecting any of our rights or remedies (under the mortgage or otherwise), or your liability under the mortgage or your payment obligations.

3.3 **Changes in Form.** This charge shall be general and continuing collateral security for the payment obligations despite the nature or form of them or any change in the nature or form of them or in the accounts, bills of exchange, promissory notes, guarantees or other obligations now or from time to time later held by any Lender Party representing the payment obligations or any part of them or in the names of the parties to such bills, notes, guarantees or other obligations or any change in the constitution of the Chargor, whether arising from the death or retirement or introduction of one or more partners or members or arising from any corporate reorganization, amalgamation, continuance or name change or otherwise.

3.4 **Discharge.** You agree that the mortgage shall remain in full force and shall not be deemed to have been discharged or redeemed even though from time to time you are not indebted to any Lender Party.

3.5 **No Merger.** The mortgage or any of the provisions in it will not operate so as to create any merger, rebate or discharge of any amounts owing to any Lender Party or of any other security now or later held by us from you. We may enforce any of our rights and remedies contained in any of our other agreements with you or with others without affecting any of our rights and remedies contained in the mortgage.

3.6 **Judgments.** If we obtain a judgment or judgments against you in respect of any of your agreements or obligations contained in, or secured, by the mortgage, or in respect of all or any part of amounts you owe to us, you agree that such judgment will not in any way affect the security created by the mortgage or any other security or our right to pursue any of our other remedies or to enforce any of your other obligations including our right to interest.

PART 4. PAYMENT OBLIGATIONS

4.1 What obligations the mortgage secures:

4.1.1 **Payment Provisions.** If the Provisons (if the charge form is electronic) or the Payment Provisions (if the charge form is not electronic) in the charge form are completed, the mortgage secures the obligation to make those payments.

4.1.2 **Other Agreements.** If you have agreed to make payments to us in any other document or agreement, the mortgage secures those obligations.

4.1.3 **Expenses.** Under these terms, you also agree to make certain payments, such as for expenses; the mortgage also secures your obligation to make those payments, and these payments shall be added to the debt hereby secured and be a charge on the property and shall bear interest at the rate described in the mortgage.

4.1.4 **Legal obligations.** As a result of the mortgage, the law requires you to make certain payments; the mortgage secures your obligation to make those payments.

4.2 **Your obligation to pay.** You will pay us the payment obligations on demand. However, we will not make demand payment unless we have a right to take action under part 7.

4.2.1 **Allocation.** If the payment obligations exceed the Principal Amount set out in the mortgage form, we may determine, in our discretion, what part of the payment obligations are secured by the mortgage. We may apply, as we determine, any money that we receive to reduce your payment obligations.

4.3 **Interest.** You will pay interest on as much of the Principal Amount as is owing, at the Interest Rate, calculated for the Calculation Period, as those terms are set out in charge form.

4.4 **How interest is calculated.** Where an interest rate is calculated half-yearly not in advance, the calculation is to be made on June 1 and December 1 each year. All rates of interest under the mortgage (including compound interest) apply both before and after maturity, default or judgment.

4.5 **Compound Interest.** If interest is not paid on the day that it is payable, interest must be paid on the unpaid interest. This interest must be paid at the same rate as the unpaid interest is calculated in the same way, and must be paid on the same days. If interest on unpaid interest is not paid on the day that it is payable, interest must be paid on that interest as provided above, and so on.

4.6 **General provisions.**

4.6.1 **Currency.** Except where any of your agreements with us provide otherwise, all amounts are expressed in Canadian money and are payable in Canadian money.

4.6.2 **Place.** You must make all payments to us at our office described as our address for service or at any other place in Canada that we may state in writing.

4.6.3 **Method.** If we ask in writing, you will authorize your bank to make payments or you will make any other reasonable arrangement for them to be paid.

4.6.4 **Time.** For a payment to be treated as made on a particular day, it must be made before noon at the place where the payment is to be made. Where the day on which you must make a payment is not a business day, you must make the payment on the last business day before that day.

4.6.5 **Deduction.** Payments must be made without any deduction.

4.7 **Expenses for the mortgage.** You will pay to the Lender Parties the expenses of any of the Lender Parties in taking the mortgage, and in entering into a commitment letter and loan agreement, whether any of the Lender Parties advances money to you or not. The expenses include expenses for negotiating the documents, searching title to the property and preparing and registering the mortgage.

4.8 **General terms relating to costs or expenses.** Wherever the mortgage requires you to pay a cost or expense, the following terms apply. If it was caused by an act of ours, it is payable if we acted honestly. Its amount must be reasonable. It includes lawyers' fees and disbursements charged on the basis that applies between a lawyer and his or her own client and even though we may not have taken court proceedings. It also includes fees and expenses for other professionals. It includes a fee for the time and services of an employee or agent of ours. You will pay it to us as soon after it has been incurred as we ask in writing for it. You will pay interest on it from the time that it is incurred. The interest rate will be the highest rate that applies to the obligations secured by the mortgage.

PART 5. OUR SECURITY

5.1 **Real estate generally.**

5.1.1 **Described land.** You grant, mortgage and charge the real estate described in the mortgage to us and our successors and assigns.

5.1.2 **Abutting land.** Where the law would make security under the mortgage invalid because you have an interest in abutting land, you grant, mortgage and charge to us and our heirs and successors all abutting land that must be included in the mortgage to make the security valid.

5.1.3 **Security on other related land.** You agree that, if you are entitled to an interest in other land and the other land or interest is used in connection with land described in the mortgage, you will mortgage the other land to us. You also agree that, if you become entitled to obtain an interest in other land and the other land or interest is used in connection with land described in the mortgage, you will mortgage the other land to us.

5.2 **What is included in real estate.** The real estate includes the land to which the mortgage relates, including the subsurface of the land, and the things listed below, whether they exist when the mortgage is signed or come into existence after then. You agree that these things are intended to be fixtures on the land. The things are: buildings on the land; other structures on the land, fences on the land or improvements to the land; anything else that the law would treat as a fixture to the land; equipment on the land for heating, ventilating or air-conditioning a building; elevators and escalators on the land; fixed machinery and mechanical equipment on the land serving a building; equipment on the land for supplying electricity, gas, steam or hot or cold water; lighting equipment on the land, including bulbs and tubes; window or door screens, storm windows and window blinds, shutters and awnings for a building on the land; antennas, satellite dishes and similar equipment on the land; fire alarm and security systems on the land; wall to wall floor covering in a building on the land and fixed mirrors; crops and plants on the land; built-in appliances on the land such as a stove or dishwasher; and, any sculpture or other work of art on the land outside a building or in a common area.

5.3 **Interest as tenant.**

The provisions of this section 5.3 apply if you are a tenant of any of the real estate (the "**leased property**").

5.3.1 You charge and sublease to us your entire interest (both present and future, including any option or right of first refusal to purchase) in the leased property, for the term (except the last day) of your lease, including any renewals.

5.3.2 You state and agree that:

5.3.2.1 the leased property is leased to you under a valid lease (a copy of which you have given us) and you have good leasehold title to the leased property; you have the consent of your landlord, or you have the right without his consent, to charge your interest in the lease to us;

5.3.2.2 all rents and other money payable under the lease have been paid and all of your obligations under the lease have been complied with; you have complied with any building and zoning by-laws affecting the leased property; you will pay the rent and other amounts as required by the lease and comply with all your other obligations set out in the lease;

5.3.2.3 you will not surrender the lease or cause it to be terminated; you will not make any change in the lease without first obtaining our written consent;

5.3.2.4 you will promptly give us a copy of any notice, demand or request that you may receive relating to the lease;

5.3.2.5 you will indemnify us against all actions, claims, costs and demands if you default under your lease; and,

5.3.2.6 you will hold the last day of the term of your lease (or of any renewal term) in trust for us and will only deal with it in such manner as we shall require.

5.4 Unless we otherwise agree in writing, any freehold and leasehold interest of yours in the real estate shall not merge but shall always remain separate despite the union of such interests either in the landlord or tenant under the Lease or in a third party by purchase or otherwise. The mortgage shall automatically attach and extend to any other leasehold interest, and any freehold or other greater interest, that you now have or later acquire in the real estate.

5.5 **Interest as landlord - rights to rent under leases.**

The provisions of this section 5.5 apply if you are a landlord of any of the real estate.

5.5.1 **Assignment.** You assign to us the full benefit of, and irrevocably appoint us as your attorney to exercise:

5.5.1.1 the landlord's rights under every lease that exists when the mortgage is signed or comes into existence after then;

5.5.1.2 the landlord's rights to rent and other money payable under every such lease and every other right to income from the real estate that exists when the mortgage is signed or comes into existence after then;

5.5.1.3 the landlord's rights under any lease that the mortgage says is to be included in this assignment; and,

5.5.1.4 the landlord's rights in respect of every lease referred to in these subparagraphs, including a guarantee or indemnity, a security and a right to insurance.

5.5.2 **Effect.** We are not bound to collect the income from the property, to enforce a lease or to comply with the landlord's obligations under a lease. We need only account for income we actually receive. These terms and anything we do under them do not put us in possession of real estate. Nor do they authorize you to enter into a lease. Nor do they give the interests of tenants priority over the mortgage or create a relationship of landlord and tenant between us and a tenant or give any tenant any interest in the property that is binding on us or affects our rights under other terms of the mortgage.

5.5.3 **Specific assignment etc.** You shall, immediately upon our request, in respect of any or all leases: (a) execute such further assignments of them, in the form and substance as we may prescribe or do such other things as we may require to enable us to enjoy the full benefit of the above assignment; and (b) obtain a written agreement (satisfactory to us) from the tenant in which the tenant agrees, upon our request after default under the mortgage, to become our tenant under the lease.

5.5.4 **Remedies on default.** Whenever we have a right to take action under part 7, we have the following rights and remedies (in addition to any others we may have under the mortgage or in law):

5.5.4.1 you shall, immediately upon our request, issue to the tenant under any lease a notice of the above assignment or a notice requiring such tenant to attorn to us or do any other things or issue any other notice that we may require for the purpose of perfecting our right under or enabling us to enjoy the full benefit of the above assignment;

5.5.4.2 we may sell the income and rights assigned above and we, or the purchaser from us, shall have the same rights as those relating to a sale of the real estate;

5.5.4.3 we may apply any amount received by us under the above assignment towards satisfaction of any payment obligations;

5.5.4.4 we may, with or without taking possession of the real estate, collect the rents and manage, operate and maintain its interest in the real estate;

5.5.4.5 we may generally perform all such acts (including paying any expenses in connection with the operation and maintenance of the real estate and the cancellation, surrender or renewal of any leases, the assignment or variation of any leases and making concessions to tenants and others and exercise the rights contained in the Leases or otherwise) as may in our opinion be necessary or desirable for the proper operation and maintenance of the real estate; we may do these things in your name or in our name;

5.5.4.6 we may give to the tenant or others notice in writing of our rights under the mortgage; and,

5.5.4.7 we may (but are not be obligated to) take in your or our name from time to time any proceeding that, in our opinion, is expedient for the purpose of collecting the rent or for securing the payment of the rent or for enforcing any of our rights under the leases, and to demand and receive rents and give released or receipts for rents.

5.5.5 **Re-Assignment of leases.** We may, at any time (and whether or not we have a right to take action under part 7) unilaterally re-assign to you (or your successors and assigns) any of the assigned leases or rights under them. Upon doing so, we will be released from all obligations (if any) that we may have with respect to them. We do not by such re-assignment give any express or implied representation or warranty to the Chargor about any of the re-assigned rights.

5.5.6 **Future Leases.** You shall obtain in each lease permitted under the mortgage to be entered into in the future a covenant of the tenant under the lease by which, at our request, such tenant will attorn to and become the tenant of or be directly liable to us in respect of its obligations under the lease. The inclusion of such a covenant shall not put us in possession of the real estate. Nor does it give the interests of the tenant under such lease priority over the mortgage or create a relationship of landlord and tenant between us and the tenant or give such tenant any interest in the property that is binding on us or affects our rights under other terms of the mortgage.

5.6 **Other rights relating to the property.**

5.6.1 To further secure the payment obligations, you assign to us the benefit of, and irrevocably appoint us as your attorney to exercise:

5.6.1.1 your rights under every insurance policy that exists when the mortgage is signed or comes into existence after then and that covers loss caused by loss of or damage to any part of the property;

5.6.1.2 any other right that the mortgage says is to be included in this assignment; and

5.6.1.3 all of your rights in connection with the above, including a guarantee or indemnity, a security and a right to insurance.

5.6.2 We are not bound to enforce the rights or comply with your obligations in respect of these rights. We need only account for money we actually receive. These terms do not authorize you to enter into an agreement that binds us or our interest in the property.

5.6.3 **Restrictions on Assignment.** Where an assignment under terms of the mortgage would be a breach of the agreement, it is effective when it can be made without a breach. You will use your best efforts to make each assignment under the previous paragraph effective.

5.7 **Your use of the property.**

5.7.1 **Real estate and personal property.** Until we have a right to take action under part 7, you may remain in possession of the real estate and continue to use personal property that is subject to the mortgage.

5.7.2 **Income.** Until we have a right to take action under part 7, we authorize you to collect the rents under leases provided that you comply with the terms set out below about dealing with tenants. This authorization does not detract from the legal effect of the assignments in the mortgage.

5.8 **Your title obligations.**

5.8.1 **Nature of your title.** Where this section refers to your interest in property, it will be taken to refer to the absolute ownership of or absolute right to the property. For real estate this is an estate in fee simple. For all property, it is the absolute ownership or absolute right both legally and beneficially. However, where the mortgage specifically says that you have any other interest, this section will be taken to refer to the interest described in the mortgage.

5.8.2 **Meaning of encumbrance.** Encumbrance includes a reservation, exception, condition, mortgage, charge, lien, lease (as defined in part 1), right of way or other easement, restrictive covenant and trust.

5.8.3 **Your obligations.** You state that you have a good title to your interest in the property free from encumbrances. Where the mortgage refers to your interest in the property as being less than the absolute ownership, you state that your interest, and every interest on which it depends, is valid. Where the property is a right, such as a right to income or an insurance policy, you state that the right is valid. You state that you have the right, power and authority to mortgage or deal with your interest in the property in the manner set out in the mortgage free from encumbrances. You state that you have not done, omitted or permitted anything by which your interest in the property is or may be affected or made subject to an encumbrance. You agree that while we are entitled under the terms of the mortgage to possess or enjoy your interest in the property, we will have quiet possession or enjoyment of your interest in the property free from encumbrances. You will, at our request, do anything that we think is necessary or advisable to confirm any of our rights under the mortgage and pay our expenses for that.

You will defend your title to the property. You will not create or attempt to create any encumbrance that is prior to the mortgage or has the same priority as the mortgage. You will also not create or attempt to create any encumbrance that is subsequent to the mortgage.

5.9 **Discharge.** When all of your payment obligations have been made to the Lender Parties in accordance with their terms, we will discharge the mortgage and reassign to you any rights that you have assigned to us in the mortgage. Or, if you are entitled to and do require us to assign the mortgage and rights to someone else, we will do so. You will give us a reasonable time after payment to verify our records and sign the documents. You will pay our expenses for doing what this section requires. You are responsible for registering the documents.

PART 6. YOUR RESPONSIBILITIES CONCERNING THE PROPERTY

6.1 **Insurance.**

6.1.1 **Kinds of insurance required.**

6.1.1.1 **Fire.** You will insure your interest in every building and other improvement on the real estate against loss or damage by fire, extended perils and other risks normally covered by a fire insurance policy.

6.1.1.2 **Boiler.** If there is a boiler on the real estate, you will insure your interest against loss caused by explosions and other accidents that are usually covered by a boiler policy.

6.1.1.3 **Rents and income.** Where the real estate is leased, your insurance described in the previous paragraphs must cover your loss of rents and payments by tenants towards costs for at least one year. Where you use the real estate for a business purpose, the insurance must cover your loss of income for at least one year.

6.1.1.4 **Liability.** You will insure against general public liability in an amount agreed to by us.

6.1.1.5 **Other.** In addition to the specific requirements set out above, you will carry that insurance for all of the property that a careful owner would usually carry when insuring a similar property using it in a similar way and in a similar locality. You will also carry any insurance that any other agreement between you and us requires you to carry.

6.1.1.6 **Our requirements.** If we ask in writing, you will carry any kind of insurance relating to the property that we require you to carry.

6.1.2 **General requirements about insurance.**

6.1.2.1 **Reasonableness.** Where this section 6.1 allows us to require anything or hold back our approval for anything, it does not allow us to do so where you can show that what we require is unreasonable or that we are holding back approval unreasonably.

6.1.2.2 **Insurance against damage.** Your insurance against loss of or damage to a building or other property must be for the cost in Canadian dollars of replacing all of the building or property with a similar building or property. The policy must provide that the proceeds of any loss are payable to us and the insurer must, if we ask in writing, consent to the transfer of the benefit of the policy to us. Insurance on a building must contain a "Mortgage Clause" in the standard form approved by the Insurance Bureau of Canada (or any replacement organization). The policy must also contain any other term approved by insurers for the protection of a mortgage lender and a provision for us to receive at least 30 days' notice before the policy is cancelled.

6.1.2.3 **Company and terms.** All insurance required by the mortgage must be with a reputable insurer. If we ask in writing, insurance must be with an insurer required by us. The policy must be for an amount and contain terms that a careful owner would usually require when insuring similar property, using it in a similar way and in a similar locality. If we ask in writing, the policy must also be for any amount or contain any other terms that we require.

6.1.2.4 **Compliance.** You will promptly pay the premiums and other costs for all insurance required by the mortgage, comply with all of your obligations in relation to the policy and comply with all of the terms relating to your right to collect under the policy.

6.1.2.5 **Proof.** You will, if we ask in writing, ensure that we receive a certified copy of every policy for the insurance required by the mortgage and every amendment to the policy. Where a policy expires, you will, if we ask in writing, ensure that we receive proof of the renewal or replacement at least 30 days before the expiry. You will, also if we ask in writing, provide us with a receipt for the premium and other proof that you are complying with your obligations about insurance.

6.1.2.6 **New policy.** If we at any time ask in writing, you will cancel a policy and replace it with a policy approved by us and issued by an insurer approved by us.

6.1.2.7 **Claims.** If any of the property that is insured is lost or damaged, you will make a claim in accordance with the insurance policy and ensure that the proceeds are paid to us.

6.1.2.8 **Use of proceeds.** We may require the proceeds of all insurance against loss of, or damage to, property to be used either to reduce or pay payment obligations (even though they may not then have become payable) or to restore or replace the property, or partly in one way and partly in the other.

6.1.2.9 **Our right to insure.** If you do not comply with any of your insurance obligations in the mortgage, we may obtain any insurance that the mortgage requires you to obtain or any other insurance that we think is needed to protect our interest. We are not obliged to do so and have no responsibility to you for any insurance we obtain. If we pay any premiums or sums of money for insurance of the property or any part of it, the amount of such payment shall be added to the debt secured by the mortgage.

6.2 **Taxes and other charges.**

6.2.1 **Payment.** You will pay all property taxes when they are due. You will pay all other charges on the property when they are due. The charges include every mortgage, charge, lien, rent or other encumbrance on the property. If we ask in writing you will give us a receipt or other proof that you have paid every property tax and other charge. Despite the foregoing, you will submit to us within two weeks after the date upon which the last instalment of property taxes is to be made in a calendar year, proof of the payment of all property taxes.

6.2.2 **Instalments of taxes.** Whenever we ask in writing, you will pay instalments to us to enable us to pay the property taxes on the real estate in accordance with the following provisions:

6.2.2.1 We may estimate the amount needed to pay any property taxes and decide when to pay them. We may decide to pay property taxes once or twice a year in advance, even if they can be paid more frequently. We may choose the period over which we wish to collect instalments of property taxes. The instalments will be monthly but if other payments by you are more frequent, we may require the instalments to be the same. We may then require you to pay us the estimated property taxes by the instalments during the period. If the period started before we began collecting the instalments, we may require you to pay a lump sum to cover previous instalments.

6.2.2.2 If we require you to pay instalments to us for property taxes, we will use the instalments to pay the property taxes. However, if any of the payment obligations has not been compiled with, we may use the instalments to reduce the payment obligations. If we have collected more than we need to pay the property taxes, we may keep the excess to pay future property taxes. If we have not collected enough to pay the property taxes, you will pay the shortfall when it is due, or we may pay it. If we pay it, you will pay us our expenses in doing so. If we wish, we may recover these expenses by increasing future instalments of property taxes.

6.2.2.3 If we require you to pay instalments for property taxes, you will promptly forward to us all bills for property taxes that you receive.

6.2.2.4 If we require you to pay instalments for property taxes, we will deal with the instalments in accordance with our normal administrative practice at the time for the same kind of mortgage.

6.3 **Maintenance of property.** You will put and keep the property in good repair. You will replace property that cannot be repaired.

6.4 **Alterations or additions.**

6.4.1 **Restrictions.** You will not, without our prior written approval do any of the following things, even if the work was proposed or in progress when the mortgage was signed.

6.4.1.1 Make or permit a structural alteration, structural addition or major change to the real estate.

6.4.1.2 Remove any machinery or equipment that serves a building on the real estate.

6.4.1.3 Demolish a building on the real estate or do or permit anyone else to do anything that lowers the value of the real estate.

6.4.2 **Conditions.** Before giving approval, we may require you to provide us with plans and specifications prepared by a professional architect or engineer, draft contracts and other reasonable information relating to the work. We may make our approval subject to reasonable conditions.

6.5 **Work on real estate.**

6.5.1 **Obligations.** Where you are required or permitted to do work on the real estate, you will comply with the following obligations:

6.5.1.1 You will do the work in a good and workmanlike manner using good materials.

6.5.1.2 You will conform to any contracts, plans, specifications or other description that we may have approved and you will comply with any conditions to which our approval is subject.

6.5.1.3 You will do the work with reasonable speed and without interruption until it is completed, and you will not abandon it.

6.5.2 **Construction liens.** You will comply with all your legal obligations relating to payment for any work on the real estate and you will comply with all laws relating to construction liens. If a claim is made for a construction lien against your interest in the real estate, you will ,if we ask in writing, immediately have it removed, by court order if we consider it necessary. If you fail to do so, we may have the lien removed and provide any security needed for the purpose. All expenses incurred by us pursuant to this section shall be reimbursed by you to us.

6.6 **Covenants and other obligations.** You will comply with every covenant, condition and other agreement that affects the property. You will also not do or permit and you will try to prevent anything that, under the terms of a covenant, condition or agreement, might detract from your interest in the property. You will pay us any loss we may suffer as a result of your failure to comply with this section. You will comply with your obligations under every mortgage, charge, lien, rent or other encumbrance on the property.

6.7 **Legal requirements.** You will ensure that the property and its use comply with every law.

6.8 **Environmental matters.**

6.8.1 **Environmental law.** You will ensure that the real estate and every activity that is conducted on the real estate will comply with every law dealing with the regulation, preservation, reclamation or protection of the environment or natural resources or to human health and safety or to the management, presence, existence, release or handling of any hazardous substances, including common law.

6.8.2 **Environmental risks.** You will take reasonable care not to do and to prevent anything on the real estate that harms the environment or natural resources. You will not change or permit a change in the use of the real estate that materially increases the environmental risk relating to the real estate, unless we give our prior written approval to the change. We may make our approval subject to reasonable conditions, including security for clean-up and monitoring costs, and you will comply with those conditions.

6.8.3 **Information.** You will give us prompt written notice of any material fact that you become aware of and that relates to the status of the real estate under any law dealing with the regulation, preservation, reclamation or protection of the environment or to any hazardous substances on, in or under the real estate. You will promptly give us a copy of any report that you prepare or receive and that relates to those matters. You will also promptly give us copies of all notices relating to your potential liability in relation to those matters.

6.8.4 **Right to Enter.** We will have the right to enter upon the real estate at all reasonable times for the purpose of conducting any environmental testing, assessment, investigation or study deemed necessary by us and will rectify any damage caused by such test. You agree that in exercising such rights, neither we nor our agents shall be considered to be in possession, management or control of the real estate.

6.8.5 **Consultants' Fees.** If we (or someone on our behalf) retain the services of any lawyer or any engineer, scientist or any environmental or other consultant or contractor in connection with any environmental matter, you shall pay the reasonable costs, charges, expenses and fees incurred in doing so if any such person or persons are retained as a result of any breach of law or in connection with any enquiry or investigation by a federal, territorial, provincial, municipal or local government or agency in connection with environmental law or if the services performed are reasonably necessary for the performance of our rights and functions under the mortgage or for the preservation, reclamation or protection of the property.

6.8.6 **Failure to Pay Fees.** If you fail to pay the amount of all such costs, expenses or fees immediately on demand by us, the amount of all such obligations, costs, charges, fees and expenses that we incur with respect to any matter referred to in section 6.8.5 shall be added to the debt secured by the mortgage and be a charge on the property and shall bear interest at the rate described in the mortgage and shall be payable immediately by you to us and in default of such payment we may exercise any and all of our remedies under the mortgage.

6.9 **Entering into leases and licenses.**

6.9.1 **Our approval required in some cases.**

6.9.1.1 Before entering into any leases, you will obtain our written approval to the lease which we may withhold in our sole discretion.

6.9.1.2 Our approving a lease does not mean that our interest is bound by it.

6.10 **Dealing with tenants.**

6.10.1 We are not bound by any of the following things unless we give our prior written approval to them which approval may be withheld in our sole discretion.

6.10.1.1 A surrender or termination of a lease or an agreement to surrender or terminate a lease.

6.10.1.2 An amendment of or agreement to amend a lease, a release or waiver of the tenant's obligations under a lease, or a release of any of your remedies for a serious breach of the tenant's obligations under a lease.

6.10.1.3 An assignment of a lease or a subletting of the real estate or a mortgage of a leasehold interest in the real estate.

6.10.2 You will not accept from the tenant under a lease rent that is more than one month in advance (except for a security deposit of not more than one month's rent).

6.11 **Our right to inspect.** You will permit us and anyone we authorize to enter the real estate at reasonable times to inspect it, to make tests of it and to take samples from it.

6.12 **Proceedings affecting property.** You will immediately notify us in writing if anyone takes or threatens any action under any law relating to the property. This includes a court action (such as a construction lien claim), a proceeding before an administrative body (such as a zoning hearing or environmental assessment), an official action (such as an order to comply with a by-law) or a notice of a failure to comply with an agreement that affects the property.

6.13 **Conduct of business.** You will use, manage and operate the property in a reasonably prudent manner, and you will pay all expenses of doing so.

6.14 **Professional management.** If you do not comply with the previous section, we may give you a written notice requiring you to comply. If 30 days after the notice you are still not complying, we may give you a notice requiring you to use a manager chosen by us. You will then employ and use that manager to manage the real estate. You will pay the manager's remuneration and expenses.

6.15 **Persons other than you.** Where the property is occupied or used by another person, you agree that the person will comply with your obligations.

6.16 **Use of real estate.** You will not, without our prior written approval, make a change in the use of the real estate. You will not abandon the real estate.

PART 7. ACTIONS WE CAN TAKE UNDER THE MORTGAGE

7.1 **When we can take action.** The mortgage will be in default and we can take action under this part after any of the following events has occurred:

7.1.1 A payment, or part of a payment, under any of the payment obligations is not received by the time when it is due.

7.1.2 Any other obligation to us under the mortgage is not complied with.

7.1.3 Any of the statements made, or information given, to us under or in connection with the mortgage is materially incorrect. A statement or information may have been limited to what the person who made or gave it knew. However, we can take action under this part if we find that the matters in the statement or information are materially incorrect even though the person making the statement or giving the information did not know that it was incorrect, or had done what was reasonable to verify it.

7.1.4 Any obligation to us under any other agreement that relates to payment obligations is not complied with.

7.1.5 Any obligation to us or any terms under any other agreement made between you and us is not complied with.

7.1.6 At any time during the mortgage:

7.1.6.1 The property or its use do not comply substantially with every law.

7.1.6.2 Any part of the real estate is contaminated by or includes hazardous substances that cause or are likely to cause harm to the life or health of a human being.

7.1.7 There is a default or event of default in any other agreement made between you and us as those terms are defined in such other agreement.

7.1.8 Any other event occurs after which the mortgage says we can take action under this part.

7.2 **We may require obligations to be paid immediately.** When we can take action under this part, we may require immediate payment of payment obligations. The obligation to make the payment is, however, subject to any provision of a law that applies despite what you and we have agreed to in this section and that gives you a right to avoid the consequences of this requirement.

7.3 **We may take possession of property.** When we can take action under this part, we may take possession of the property.

7.4 **We may collect income from property.** When we can take action under this part, we may collect income from property.

7.5 **We may sell property.** When we can take action under this part, we may sell or dispose of the property. If the event which gives us the right to take action under this part is that a payment, or part of a payment, under any of the payment obligations is not made when it is due, we may not sell or dispose of the property unless 15 days have passed after the payment or the part of the payment was not made and the payment has not been made in full. We may also ask a court to order a sale of the property.

7.6 **We may exercise the powers of an owner.** When we take possession of or collect income from the property, we may exercise all the powers of an owner of the property and you will be bound by our actions. These powers include the following. We may manage and operate the property and carry on a business relating to the property. We may make or continue a repair, alteration or addition to the property. We take legal proceeding relating to the property. We may borrow money or advance money for the purpose of exercising our powers. We may enter into contracts for the purpose of exercising our powers.

7.7 **We may appoint a receiver (or receiver and manager).**

7.7.1 **Appointment and removal.** When we can take action under this part, we may, in writing, appoint anyone to be a receiver or a receiver and manager of the property on any terms, including remuneration, that we think are reasonable. References in the mortgage to a receiver include a receiver and manager. We need not obtain security from the receiver and are not limited by any law in our choice of the receiver. We may make the appointment even if we have taken possession of property and, when we do so, we will be treated as having gone out of possession. We may also, in writing, remove a receiver appointed by us. When we remove a receiver, we may appoint a new receiver.

7.7.2 **Effect of appointment.** A receiver appointed by us is considered to be your agent and not ours. The receiver's acts and defaults are considered your acts and defaults and not ours. You alone are responsible for the receiver's acts and defaults and will pay the receiver's remuneration and expenses. Neither the appointment nor anything done by the receiver puts us in possession of property or makes us accountable for money except money we actually receive.

7.7.3 **Receiver's powers.** A receiver appointed by us has the following powers.

7.7.3.1 The receiver may exercise any right or power that we can exercise, except where the appointment restricts the receiver from exercising a right or power.

7.7.3.2 The receiver may use any legal right or remedy of yours or ours, in your name or ours, to collect income from the property.

7.7.3.3 The receiver may borrow money on the security of the property in priority to the mortgage for the purpose of exercising the receiver's powers.

7.7.4 **Use of money.** We may require the receiver to pay money received to us or we may direct the receiver to use it as follows:

7.7.4.1 To pay the receiver's remuneration and expenses.

7.7.4.2 To pay rents, property taxes, insurance premiums, costs of repair and other expenses relating to the property.

7.7.4.3 To pay money owing under a mortgage or other encumbrance having priority over the mortgage.

7.7.4.4 To pay or reduce any of the payment obligations.

7.7.4.5 To pay any of the money that remains to the person who, if the receiver had not been appointed, would have been entitled to it.

7.7.5 **Protection of receiver.** You release every receiver appointed by us from all claims against the receiver, unless they are caused by the receiver, unless they are caused by the receiver's dishonesty or gross neglect. You agree to pay every receiver all losses suffered by the receiver under liabilities the receiver incurs as receiver, except as far as they are caused by the receiver's dishonesty or gross neglect.

7.7.6 **Court receiver.** We may also ask a court to appoint a receiver and such a receiver shall have the same rights and powers as described above together with such other powers which we deem necessary in our sole discretion.

7.8 **We may lease property.** When we can take action under this part, we may do the following things:

7.8.1 We may grant a lease.

7.8.2 We may terminate a lease, accept a surrender of a lease or agree to renew or amend a lease.

7.9 **Distress.** We may levy distress on personal property that is on the real estate. When we can take action under this part, we may distrain to obtain payment of the payment obligations, as if they had been rent. This power is subject to restrictions imposed by law where the real estate is used for residential purposes. You waive any exemption from our right to distrain and any limit on it. Distraining does not put us in possession of the real estate and we need account only for money we actually receive.

7.10 **We may foreclose.** When we can take action under this part, we may take proceedings to foreclose your interest in the real estate.

7.11 **We may ourselves carry out an obligation of yours.**

7.11.1 **General.** When we can take action under this part, we may carry out any obligation with which you have failed to comply. We, or anyone we authorize, may enter the real estate for that purpose. Nothing we do under this section puts us in possession of the property.

7.11.2 **Prior mortgages etc.** When we can take action under this part, we may also pay a property tax or a mortgage, charge, lien, rent or other encumbrance on the property if it has priority over the mortgage. If we do so, we not only have the rights given to us by the mortgage, but we are also entitled to the rights of the person paid. If a person paid gives a discharge, we may hold it, without registering it, for longer than any period during which any law might otherwise require us to register it.

7.12 **We may recover expenses.** You will pay us all our expenses in collecting under the payment obligations and exercising our rights under this part.

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7.13 **How we may exercise our powers.** When we exercise any of our powers under these terms, the following terms apply.

7.13.1 We may exercise the power with respect to all or part of the property or with respect to any interest in all or part of the property. We may exercise the power without obtaining any consent or co-operation from you. We may exercise the power even if we have not taken possession of the property. We may exercise the power to enter into a sale, lease or other transaction in any way and on any terms that we think are reasonable. For example, we may do so by private contract as well as by public auction or tender, and we may sell on credit as well as for cash.

7.13.2 We may do everything that we think proper relating to a sale, lease or other transaction. For example, we may enter into an agreement to enter into the transaction, bring an agreement to an end, enter into a new agreement or amend an agreement. At an auction we may set a reserve price or buy in to prevent a sale that we think is inappropriate. We may sign all documents that we think are necessary for the above purposes.

7.13.3 If we sell on credit, we need not account for the proceeds until we receive them.

7.13.4 We may transfer or deal in any other way with every interest in the property that you had the power to dispose of or deal with.

7.13.5 You will, at our request, do everything that we think is necessary or advisable to transfer your interest in the property or deal in any other way with it and you will pay our expenses for that.

7.13.6 Where a receiver exercises a right or power, this section applies as if all references to us were to the receiver.

7.14 **Other terms relating to our rights.**

7.14.1 **Legal requirements apply.** Our rights in this part are subject to our giving any notice required by any law that applies despite what you and we have agreed to. Subject to this and to the other terms of the mortgage, we may take any action under this part without notice.

7.14.2 **Other rights.** The rights set out in these terms are not exhaustive; we may exercise any other right given to us by the mortgage, any other agreement or the law.

7.14.3 **We may exercise more than one right.** We may exercise more than one of the rights given to us by the mortgage, any other agreement or the law at the same time, at different times and in any order we choose.

7.14.4 **Use of proceeds.** We may use money that we receive from taking action under this part to reduce or pay any of the payment obligations in whatever manner we decide.

7.14.5 **Shortfall.** If money we receive from taking action under this part falls short of the total payment obligations owing, we retain the right to recover the shortfall.

7.14.6 **Articles left on real estate.** If, when we take possession of real estate, you leave an article on it, you will pay a reasonable charge for storage. You will also pay any expenses we incur for the article. We may remove the article from the real estate. We are not liable for loss of the article or damage to it, however caused, even if intentionally or by gross negligence.

7.15 **Protection of persons who deal with us or a receiver.**

7.15.1 When we sell, grant a lease, collect income or enter into any other kind of transaction authorized by these terms with another person, that person and any person deriving title under that person need only be satisfied that a discharge of the mortgage has not been registered and that the transaction is not of a kind that we have the power to enter. When a receiver appointed by us enters into any kind of transaction with another person, that person and any person deriving title under that person need only be satisfied that: a discharge of the mortgage has not been registered; we have signed a document purporting to appoint the receiver; the transaction is of a kind that we have the power to enter; and, the transaction is not of a kind that the document signed by us restricts the receiver from entering. A statutory declaration by us or an officer of ours about any fact set out in this paragraph will be conclusive evidence in favour of every person referred to above. Every such person may assume without enquiry that we can take action under this part, that we are using our powers properly and that the receiver issuing the receiver's powers properly. The person is not affected by the fact that a transaction is improper, even if the person actually knows of that fact. In particular, the person may do the following things.

7.15.1.1 The person may assume that: there are outstanding payment obligations under the mortgage; we have given any required notice; and, any required time has passed.

7.15.1.2 The person may assume that: an event has occurred that gives us the right to take action under this part; we have given any required notice; and, any required time has passed.

7.15.1.3 Where we or the receiver can take action under this part on terms that we or the receiver think are reasonable, the person may assume that the terms on which we or the receiver take action under this part are reasonable.

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7.15.1.4 The person may pay money to us or the receiver without being concerned about what we or the receiver do with it.

7.15.2 Any transaction that conforms to the previous paragraph will bind you. You will not make any claim against the person who deals with us or the receiver or that person's successors on the ground that the transaction does not conform to other terms of the mortgage. If you do have a claim for anything done by us, it will be restricted to a claim that is limited to actual damages and actual out-of-pocket expenses.

7.16 **How our obligation to lend money is affected.** Despite any other agreement, we need not lend money, make an advance or make credit available in any other way during the following periods:

7.16.1 while we can take action under this part; or,

7.16.2 while any circumstances exist that would have given us the right to take action under this part if we had not been required to give notice or allow time to pass.

7.17 **Our protection.** We are not responsible for any loss arising in the course of our taking action under this part or exercising a right under any other term of the mortgage, even if it was caused by negligence, unless it results from our dishonesty or our gross neglect.

7.18 **Attorney**. In case of any sale under the mortgage by or on behalf of us, you will immediately upon request sign and deliver to the purchaser such transfers, assurances and receipts as may be necessary to transfer good title to any real estate being sold (the "**sale documents**"). If you fail to do so, we (or our receiver) may sign and deliver such sale documents to the purchaser of such real estate. You irrevocably appoint us (and any receiver we appoint) to be your attorney for the purpose of making such sale and signing such sale documents.

PART 8. OTHER TERMS

8.1 **How various transactions or events affect us.**

8.1.1 **The mortgage.** Our taking the mortgage or our advancing money under it does not put us under an obligation to lend money or to extend any other kind of credit. Nor does it add to any such obligation that we may have. The mortgage adds to our rights; neither the mortgage nor anything in it reduces the benefit to us of any other right we may have.

8.1.2 **Our rights.** A right of ours under the mortgage does not relieve you from a duty concerning the property or put a duty on us. Nor does our exercising the right. In particular, the right or exercise does not mean that we take over a duty based on possession, management or control. This subsection does not limit our rights.

8.1.3 **Other transactions.** Nothing in any other transaction between you and us takes away our rights under the mortgage. Nothing in the mortgage takes away our rights under any other transaction.

8.1.4 **Your selling or dealing with the property.** If you sell or deal in any other way with your interest in the property or part of it, you continue to be liable for your obligations under the mortgage, and our rights against you or anyone else are not affected.

8.1.5 **Subdivision of the real estate.** The real estate may not be subdivided without our prior written consent, which consent may be arbitrarily withheld. If we give such consent then each part of the real estate secures the total amount of the payment obligations.

8.1.6 **Our giving releases or discharges.** If we release anyone from an obligation or if we release any security, our rights against anyone else or under any other security are not affected. This applies when we agree to extend the time for payment of any of the payment obligations or to change their terms in any other way. It also applies when we discharge part of the property from the mortgage; if we do, the property not discharged secures the total payment obligations that remain owing. These terms apply whatever are the terms on which we give the release or discharge and even if we receive nothing in return. We are not liable to you for the release or discharge, except to account to you for money that we both actually received and accept to reduce the payment obligations.

8.1.7 **Our delaying taking action or waiving rights.** If we delay taking action under part 7 or exercising any other right under the mortgage or any other agreement, we do not lose or impair the right or any other right. If we waive a breach of any obligation under the mortgage or any other agreement. If we waive a right, we do not lose or impair any other right of ours. We will not be bound by an agreement that contains a waiver unless it is in writing and is signed by us.

8.1.8 **Our dealing with future owners.** After the mortgage is signed, a person may become an owner of the property and we may enter into an agreement with that person extending the time for payment of the payment obligations, renewing the mortgage or changing the payment obligations in some other way. If so, we do not lose or impair our rights against anyone who had agreed to pay or had guaranteed the payment obligations. The same applies if we deal in any way with a new owner or deal in any way with any other person who has an interest in the property or part of it.

8.1.9 **Our obtaining a judgment.** If we obtain a court judgment for a failure to pay any of the payment obligations or to perform any other obligation, the judgment will not supersede the obligation, or detract from the obligation or our right to take action under part 7. We will continue to be entitled to interest under the payment obligations, calculated and payable as agreed, and the judgment may so provide.

8.2 **Your liability if there are more than one of you.** Where there is more than one of you, both or all of you are jointly and severally liable for the obligations of each of you under the mortgage.

8.3 **How the mortgage is affected if a term is invalid or unenforceable.** If a term of the mortgage is or becomes invalid or unenforceable, that does not make the mortgage or other terms invalid or enforceable. If our security is invalid or unenforceable with respect to part of the property or an interest in property, it remains valid or enforceable with respect to the remaining part or interest.

8.4 **Changes to the mortgage must be in writing.** We will not be bound by any change to the terms of the mortgage that detracts from our rights unless it is in writing and signed by us.

8.5 **We assume no additional responsibility.** Nothing we do relating to the mortgage puts us under a duty of care towards you. You should not rely, for example, on an appraisal we make as showing the value of property, on our requiring insurance as showing that it is appropriate, on an inspection as showing that property is without defect, or on our approving a lease as showing that it is advisable.

8.6 **Notices or other communications.**

8.6.1 **How we may give notices.** Where the mortgage requires or allows us to give a notice to any person (including you) or to communicate in any other way in writing with any person (including you), we may give the notice or communication (a "**Notice**") in any of the ways set out below. Any Notice to be given under this Agreement, except as otherwise specifically stated, shall be in writing.

8.6.2 **How sent.** We may deliver or send a Notice by courier to the person. If the person is a corporation or partnership, we may deliver it personally to anyone we reasonably believe to be a director, officer, general partner or responsible employee or agent of the corporation or partnership. We may leave it at the person's address last known to us with a grown-up person there or in a place where it should reasonably be seen by anyone at that address. We may mail it by prepaid ordinary mail addressed to the person at the person's mailing address last known to us. If it is given under part 7, the mailing must be registered. We may send it by fax to the person's fax number last known to us. We may advertise it in a newspaper published or generally read in the area where any part of the real estate is situated.

8.6.3 **Addressee.** A Notice is valid even though it is not addressed to anyone by name or description. It is also valid even though the person affected by it is not known, has not been identified or is under a disability.

8.6.4 **When received.** Any Notice, if personally delivered or sent by courier, shall be deemed to be received on the date of delivery. Any Notice, if mailed, shall be deemed to be received on the fourth day after it was mailed. Any Notice, if sent by fax, shall be deemed to be received on the date faxed unless such date is not a business day in which case, it will be deemed received on the next business day after that.

8.6.5 **Change of Address.** Either we or you, by giving to the other at least 10 days' notice, may change its address for Notices.

8.6.6 **Law.** This section does not take from us the benefit of any provision of the law dealing with a Notice. In particular, a notice of sale will be validly given if it would be regarded as properly given under any law.

8.6.7 **Who is entitled to a notice of communication.** Where the mortgage requires or allows us to give a notice to you or communicate with you in any other way, the notice or communication is valid if we give or make it to either of the persons described below. This is so even though the expression "you" may include others or the notices of communication relates to property other than real estate. The persons are:

8.6.7.1 If your interest in the real estate or part of the real estate is not subject to a lease, a person that we believe is entitled to possession of the real estate or part.

8.6.7.2 If your interest in the real estate or part of the real estate is subject to a lease, a person that we believe is entitled to receive income from the tenant.

8.7 **How others are affected by the mortgage.**

8.7.1 Your obligations under the mortgage are binding on, and your obligations under it benefit, your legal or personal representative, successors, assigns and every person who after the mortgage is signed becomes the holder of an interest or right in the property or a part of it. Wherever the mortgage refers to you, that includes every such representative, successors, assigns and person.

8.7.2 The mortgage is binding on and benefits our legal or personal representative, successors, assigns and every other person who after the mortgage is signed becomes the holder of an interest or right in the mortgage or a part of it. Wherever the mortgage refers to us, that includes every such representative, successor, assign and person. Your specifically agree that the representative, successors, assigns or person has the powers that the mortgage gives to us.

8.7.3 You agree that, without your consent, the benefit of all or part of our rights, or any interest in or power relating to all or part of our rights, under the mortgage or under any existing or future security, guarantee or other right relating to the subject matter of the mortgage, may be transferred by us to other persons or otherwise dealt with by us, free from any set-off, counterclaim or other equity or claim. Any information received by us may be disclosed to others. Everything to facilitate a transfer or dealing that may be requested in writing will be done at the expense of the person requesting it. If a transferee of all or part of our rights agrees to assume any obligation of ours relating to those rights, we will be released from liability for the obligation.

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8.8 **Due on Sale.** You may not sell, transfer, lease, sublease or otherwise assign, in one transaction or a series of transactions, all or any material part of the property without our prior written consent except (i) personal property in the normal course of its business for the purpose of carrying on the same, for fair market value, in accordance with customary trade terms and (ii) personal property that is worn out or obsolete or of no material value. All amounts secured by the mortgage shall, unless we expressly consent in writing to it, become due and payable upon any transfer of your interest in the real estate or any part of it or upon the direct or indirect transfer of any interest in you to another person including, if you are a corporation, an amalgamation or merger with another corporation. If you are a corporation whose shares are publicly traded on a recognized stock exchange in Canada or the United States of America, this section 8.8 does not apply to a transfer of shares that constitutes less than a controlling interest in you. Any transaction described in this paragraph in respect of the property, if approved by us, shall be subject to the payment of such transfer fee as has been or may be agreed to in writing and any other fees or expenses that could be incurred including administration fees and legal counsel's fees.

8.8.1 If we consent to the transfer of your interest in the real estate or any part of it or in you, you will, prior to the transfer, promptly inform us in writing of the full names and address of every transferee, provide us with a copy of the most recent financial statements for every transferee and inform us in writing of the date of the proposed transfer and the consideration for the transfer. If the transferee is a trustee, the same information is to be provided for all beneficiaries of the trust.

8.8.2 Provided you have received our consent pursuant to section 8.8, then before you transfer your interest in the real estate or any part of it to another person, you will have the person enter into a written agreement with us. In the agreement, the person must agree to pay the payment obligations and comply with all of your obligations under the mortgage and you agree that you shall not be released from your obligations under the mortgage unless we expressly agree to release you. You will deliver the agreement to us immediately after the transfer. You shall pay our solicitor's fees with respect to the preparation of this agreement together with our administration fee for same.

8.9 **Terms included by law.** Section 7(1) of the *Land Registration Reform Act* includes terms in a mortgage unless the mortgage excludes them. Neither those terms nor any similar terms in any future law are included in the mortgage.

8.10 **Participations.**

8.10.1 We may, at any time, sell or transfer our interest as lender in the mortgage and the payment obligations and any servicing rights with respect to them, or any interest in them, or grant participations in them (the "**Participations**") or issue mortgage pass-through certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement (the "**Securities**"). We may forward to each purchaser, transferee, assignee, servicer, participant, or investor in such Participations or Securities (collectively, the "**Investor**") or any rating agency rating such Securities, each prospective Investor, and any organization maintaining databases on the underwriting and performance of commercial mortgage loans, all documents and information that we now have or may later acquire relating to the Obligations and to you or any guarantor or your property, as we determine necessary or desirable. You irrevocably waive any and all rights it may have under applicable law to prohibit such disclosure, including any right of privacy.

8.10.2 You and any guarantor will co-operate with us in connection with any Participations or Securities, including by: delivering a status statement and such other documents as we may reasonably request; furnishing, and permitting us to furnish to Investors, prospective Investors or rating agencies any information about the mortgage, those bound by it and property.

8.11 **Further Assurances.** You will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to give better effect to the mortgage including to ensure that all your interest in the property has been fully charged to us.

8.12 **Expropriation.** If the property is expropriated by any governmental authority, all money payable in respect of such expropriation will be paid to us (and if received by you, will be received in trust for the us and paid over to us). We may, in our discretion, apply such money against the payment obligations or hold it unappropriated in a collateral account as continuing security for the full payment and performance of the payment obligations. You will deliver to us a copy of any notice of expropriation or proposed expropriation that you receive for the property. If the entire property is expropriated, the payment obligations, at our option, will immediately become due and payable.

8.13 **Governing law.** The mortgage will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province.

PART 9. CONDOMINIUMS

(If the property is a condominium unit, you must also comply with this part in addition to all other provisions of the mortgage except section 6.1.)

In this part: the "**Act**" means the *Condominium Act* (Ontario) as amended or replaced; and, "**condominium corporation**" means the corporation created by the registration of a declaration under the Act.

9.1 **Compliance with the Act, etc.** You will comply with the Act and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

9.2 **Payment of Amounts and Common Expenses.** You will pay all amounts required by the Act, and by the declaration and by-laws of the condominium corporation, when or before they are due and, if we ask, will give us proof that you have done so. You must pay common expenses. If you do not make any payments that you are obligated to pay, we may (but do not have to) do so on your behalf and you will be in default under the mortgage. All amounts paid by us shall be added to the payment obligations.

9.3 **Notices and Demands.** You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive it at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days after you receive them. We may also require, in your name, that the condominium corporation provide copies of all by-laws and report on budgets, accounts, maintenance or any other issue we require.

9.4 **Voting Rights.**

9.4.1 You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the Act to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Act to the condominium corporation.

9.4.2 If we do not wish to use our rights to vote or consent, we may notify the condominium corporation, in which case you may vote or consent. Our wish not to vote or consent may be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests or for the way we vote or consent or fail to do so.

9.5 **Default.** The mortgage will be in default and we may take action under part 7 if:

9.5.1 government of the property of the condominium corporation under the Act is terminated;

9.5.2 a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;

9.5.3 the condominium corporation fails to comply with the Act, declaration, by-laws or rules and regulations;

9.5.4 the condominium corporation fails to insure the condominium units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost;

9.5.5 the condominium corporation fails, in our opinion, to carefully and properly manage the condominium property and assets or to maintain its assets in good repair; or,

9.5.6 the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

9.6 **Insurance.** The condominium corporation must obtain the insurance that is required of it under the Act, and you will ensure that it does so. In addition, you must insure all improvements to the property against loss or damage by fire and against such additional risks as we may require. The insurance company or companies must be approved by us. You will provide us evidence of renewal at least 30 days before any insurance is terminated. If the insurance required by the mortgage is not obtained or maintained, we may (but do not have to) insure the buildings or improvements, and you will pay to us the cost we incur in doing so. You must, if we ask for them, give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the payment obligations whether or not yet due.

PART 10 PERSONAL PROPERTY SECURITY INTEREST

10.1 **Terms.** In this part, "**PPSA**" means the *Personal Property Security Act* (Ontario), as it may be amended from time to time.

10.2 **Security interest granted.** You grant to us in the mortgage a security interest in all of your personal property, assets and undertaking and in the future owned by you (including "Accounts", "Chattel Paper", "Documents of Title", "Goods", "Instruments", "Intangibles", "Money" and "Securities", each as defined in the PPSA) of any kind but solely to the extent it relates to, is used or acquired in connection with or derived from the acquisition, ownership, construction, development, sale, leasing or operation of the real estate or any part of it, and all proceeds of it and from it, renewals of it, accessions to it and substitutions for it (all of which is called the "**Personal Property**").

10.3 **Ordinary Course.** Until we have a right to take action under part 7, you may dispose of or deal with the Personal Property in the ordinary course of your business for the purpose of carrying it on. However, you will not, without our prior written consent, create, assume or have outstanding, except to us any security interest or other encumbrance on Personal Property ranking or purporting to rank in priority to or equally with our charge on it.

10.4 **Last Day.** The security granted by the mortgage shall not extend or apply to the last day of the term of any lease or agreement to lease in which you have an interest as lessee, except that upon the enforcement of this security, you will stand possessed of such last day interest to assign it to any person acquiring such term.

10.5 **Remedies.** Our rights and remedies with respect to the Personal Property include those of a secured creditor under the PPSA.

* * *

DATED as of March 2, 2006.

GE Canada Equipment Financing G.P.
by its lawyers, Blake, Cassels & Graydon LLP
By:

Edward Perlmutter

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200613 Cote
Filing Date March 8th/2006 Date de Dépôt
Page 1 of/de 30 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

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MORTGAGES

9870-06/02
Ontario
Page 1 of 30

Standard Charge Terms
Land Registration Reform Act

Filed By:	CIBC Mortgages Inc.
Filing Number:	
Filing Date:	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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STANDARD CHARGE TERMS
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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms:

Mortgage means:

- the Charge/Mortgage of Land which is the part of this mortgage that is or will be registered against the title to your property;
- this set of Standard Charge Terms;
- any Schedules that are attached to the Charge/Mortgage of Land; and
- any renewals or amendments.

You and **your** mean each person, corporation, and other entity who has signed the mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity.

We, us, and **our** mean CIBC Mortgages Inc. trading as FirstLine Mortgages.

CIBC means Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. It includes all buildings and structures on the land now or added later, as well as anything attached now or later to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount is the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Your regular payment means the amount of each payment as described on the Charge/Mortgage of Land.

Loan amount means the amount of money you owe us at any given time under this mortgage. It is the balance you owe on the loan. The loan amount may include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other charges and interest on other charges. Other charges may include the expenses of enforcing our rights as well as paying off any prior charges against your property. These may include such things as:

- costs for preparing and registering this mortgage;
- costs for providing insurance, if we decide to insure your property;
- costs for inspecting your property;
- all of our administrative and legal costs; and
- paying any charges or liens against your property that we have not agreed to in our loan approval document such as taxes owing on your property.

Interest Adjustment Date is the date identified as the interest adjustment date in the mortgage. The interest adjustment date is one payment period before the first regular payment date.

CIBC Prime Rate is the annual variable reference rate of interest that CIBC declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

Mortgage Year means the 12-month period following the interest adjustment date and each anniversary of the interest adjustment date.

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2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property to us. In return, we make a loan to you for the principal amount, or any part of the principal amount as is advanced to you from time to time. This means that your interest in your property is security to us for repayment of the loan amount and your performance of all your obligations under the mortgage.

You agree to pay the loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage, including paying all taxes on your property.

Our interest in your property ends when you have repaid the total loan amount, as provided in the mortgage, and you have met all of your obligations under this mortgage.

2.1 Your interest in your property

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this mortgage.

If you are a tenant or a lessee of your property, you charge and sublease your entire interest in your property to us for the entire term of the lease (except the last day), including any renewals. Your interest in your property includes any option or right of first refusal to purchase.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately. If you do not pay them, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

2.2 Who is obligated by this mortgage

The obligations under this mortgage are the collective and individual responsibility of each person, corporation or other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage and paying the entire loan amount, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Our successors and anyone to whom we transfer this mortgage is also obligated by this mortgage.

2.3 Changing or renewing this mortgage (also important to anyone who has a subsequent interest in your property)

We may make written agreements with you to change any part of this mortgage. These agreements could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the mortgage. Even if we do not register these agreements, this mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the mortgage.

Any new agreement we make with any borrower or any other person who is obligated to pay the loan amount will not release or affect the liability of others who are obligated under this mortgage, even if they do not sign or are not advised of the new agreement.

2.4 *Construction mortgage*

If the mortgage is used to finance an improvement, you agree to make the improvement only according to plans and specifications that we have approved. Improvements include any construction or installation on your property or any alteration, addition or repair to any building or structure on your property.

You must complete the improvement as quickly as is reasonably possible and must meet all government requirements and building standards that apply to your property. If we ask you to, you will provide us with proof that you have met all government requirements and building standards that apply to your property. You must pay for all costs associated with providing this proof.

You will be responsible for all costs related to the improvement and will provide us with proof that you have paid all money that is owed in connection with the work.

We may make advances to you based on progress in completing the improvement or upon its completion. In the case of a building, we may also make advances to you based on its occupancy or the sale of the building. You agree to pay us our administration and processing fees in effect at the time for any advances we make that are based on progress. You must pay us these administration and processing fees immediately. If you do not pay them, we may declare that you are in default on the mortgage, or add the fees to the loan amount, or do both.

We may hold back money from any advances until we are satisfied that all obligations under the Construction Lien Act are met. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

We may obtain an order removing any construction lien, and, if we think it is necessary, we may provide financial guarantees or other security to obtain such an order. You must immediately pay all of our expenses for this, including any charges for providing financial guarantees. If you do not pay these expenses, we may declare that you are in default on the mortgage, or we may add the amount payable to the loan amount, or we may do both.

2.5 *Making material changes*

Any agreement, whether verbal or in writing, to make material changes to the mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original Charge/Mortgage of Land, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the mortgage.

2.6 *Mortgages with deposits*

If required under the terms of your mortgage loan, you will deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the principal amount advanced. You will earn interest on this deposit at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days of the date of funding. If this is not done, you authorize us to apply the deposit on account of the mortgage principal and the monthly payment will be adjusted to reflect the lower principal balance. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

3. Interest

3.1 *Interest rate*

You will find the interest rate on the Charge/Mortgage of Land or on the Schedule attached to the Charge/Mortgage of Land.

Interest is payable on the loan amount at this rate until the total loan amount has been paid, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.2 *Payment frequency*

Interest is payable at the frequency shown on the Charge/Mortgage of Land.

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3.3 If you have a fixed interest rate mortgage

If you have a fixed interest rate mortgage, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

3.4 If you have a variable interest rate mortgage

(applies ONLY to a adjustable rate mortgages)

Because the interest rate on your loan is variable, the interest rate in effect at any particular time is called your current mortgage rate.

If you have an **Adjustable Rate Mortgage, Prime Minus**, the interest rate will be the CIBC Prime Rate in effect on the first day of each month, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The interest rate will be adjusted on the first day of each month. However, the first interest adjustment will not occur until three months from the interest adjustment date.

If you have an **Adjustable Rate Mortgage (other than an Adjustable Rate Mortgage, Prime Minus)**, the interest rate will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The CIBC Prime Rate will vary from time to time. The principal and interest payment will be recalculated every time the CIBC Prime Rate changes, based on the current mortgage rate and the remaining amortization period of the mortgage.

For all variable rate mortgages, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

The interest rate will change **automatically** every time there is a change in the CIBC Prime Rate. These changes will occur without you being notified.

Within a reasonable time after each change in the CIBC Prime Rate, we may send you a letter telling you the current mortgage rate, and the date it became effective, and if applicable, the new principal and interest payment amount. We will mail this letter to the address we have on file for you. The interest rate will still vary whether or not we have sent you a letter about the change, or whether you have received the letter. However, if we do send you the letter, we may continue to accept or process the same payment amount that we processed before the change in the CIBC Prime Rate until a reasonable time after the letter was sent to you. You can always find the current CIBC Prime Rate on our website (www.firstline.com) or by contacting us.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

If there is a need to prove the CIBC Prime Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

3.5 Deferred Interest /Negative Amortization

If your regular principal and interest payment is not sufficient to cover the interest on the mortgage from one regular payment date to the next, the interest outstanding is called deferred interest. Deferred interest is added to the outstanding principal balance on your mortgage. When deferred interest is added to your outstanding principal balance, negative amortization can occur. This means that the amortization period of your mortgage may increase rather than decrease. In addition, when deferred interest is added to the outstanding principal balance of your mortgage, the entire amount becomes principal and interest is charged on it at the current mortgage rate.

3.6 *Interest on amounts advanced to you before the interest adjustment date*

If this mortgage is not a construction mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated in the manner outlined in the Charge/Mortgage of Land and the rate will be the lower of the following two rates:

- the initial interest rate set seven days before the date of advance; and
- the current mortgage rate in effect on the date of advance.

If this is a construction mortgage, interest on progress advances is calculated daily. It is payable monthly up to the interest adjustment date established for the initial term of the mortgage. We may deduct the interest owing on any advance from future advances, without making any adjustment. In cases where more than 30 days have passed between advances, you must pay interest on previous advances as soon as it is invoiced or deducted from your account. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. We will deduct any interest owed on the interest adjustment date established for the initial term of the mortgage from the last substantial advance.

3.7 *Interest on overdue amounts*

If you do not make the regular mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is shown on the Charge/Mortgage of Land and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

3.8 *Interest adjustment when payment frequency changes*

(does NOT apply to Adjustable Rate Mortgage, Prime Minus)

If you are not in default on your loan, you may change your payment frequency to any of the options available for your type of mortgage at the time you make the change. If you choose to change your payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your loan, or we may add the interest adjustment and administration or processing fees to the loan amount, or we may do both.

3.9 *Increase and Blend*

[does NOT apply to Adjustable Rate Mortgages, Plus or Auto 6 Plus (6 Month Convertible Mortgages]

As long as you meet our mortgage approval criteria, including those relating to the borrower and mortgage terms, you may:

- increase the principal amount secured; and/or
- extend the term of the mortgage.

If you do either or both of these, the interest rate that will apply will be blended to reflect the existing mortgage rate, the prevailing rates, prepayment charges, and administration and processing fees, if any.

3.10 *U.S.A. resident*

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us.

In these cases, the interest rate on your mortgage is or will be based on our normal lending rates multiplied by 1.1111. This is done to cover our obligations to remit this tax to the U.S.A. tax authorities.

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We may change this formula any time during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority in the U.S.A., makes a change to the amount of tax to be paid.

For example, if you are a resident of the U.S.A. when you sign the mortgage, and the normal lending rate is 6.250% a year, your interest rate will be 6.944% a year. This is equal to 6.250% x 1.1111.

Or, if you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% a year, your new interest rate will be 6.944% a year, which is equal to 6.250% x 1.1111.

4. Payments on the loan amount

4.1 Currency and place of payment

You will pay the loan amount to us in Canadian dollars at the address shown on the Charge/Mortgage of Land.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 Regular payments

You must make regular payments to us for the principal and interest. The amount of each payment and the payment dates are shown on the Charge/Mortgage of Land. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the loan amount on the balance due date. You can find the balance due date on the Charge/Mortgage of Land.

4.3 Bank account for payments

You must maintain a bank account that is satisfactory to us with a Canadian financial institution and give us authorization to automatically deduct each payment of principal, interest, taxes, life insurance premiums (if applicable) and any other optional services you have selected when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your loan, or add these fees to the loan amount, or do both.

4.4 Payments on amounts advanced to you before the interest adjustment date

We may advance to you part of the principal amount before the interest adjustment date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the interest adjustment date:

- we may ask you to pay the interest on this amount on the interest adjustment date;
- we may deduct the interest from your bank account on the interest adjustment date;
- we may deduct the interest from the remaining amount of the principal that we advance to you; or
- we may deduct the interest from your bank account on the first regular payment date.

4.5 The effect of variable interest rates on your payments

(applies ONLY to Adjustable Rate Mortgages, Prime Minus)

If you have a variable rate mortgage, the interest rate on your mortgage will change from time to time. However, your regular principal and interest payment may be fixed for the term of the mortgage, unless you change your regular payment as allowed by this mortgage.

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Your regular payments are applied to the principal amount based on the rules outlined in section 4.8 below. If the interest rate increases, a larger portion of your regular payment will be applied to interest and a smaller portion of your regular payment will be applied to the principal amount. The result will be that you may owe more on the balance due date than was originally stated in the Mortgage Disclosure Statement.

If the interest rate increases to the point that your payment amount no longer covers the interest owing on your mortgage, you may be required to increase the amount of your regular payment so that the mortgage will be repaid over the remaining balance of the original amortization period. The rate of interest that will cause this to happen is stated in the Mortgage Disclosure Statement.

4.6 *Payment on default*

If you do not meet one or more of your obligations under the mortgage, including your obligation to make payments, you must immediately pay to us all outstanding amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest, taxes, life insurance premiums (if applicable) and any other optional services you have selected on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the loan amount. We may also use any of our rights stated in section 4.7 below.

4.7 *Demand to repay the total loan amount immediately*

We may require you to repay the total loan amount immediately if:

- you do not make any payment required by the mortgage;
- you do not meet one or more of your obligations under the mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this mortgage, or when you applied for the mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days; or
- your property is abandoned.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this mortgage.

4.8 *How we apply your payments*

We will apply payments we receive from you in the following order:

1. To pay any life insurance premiums on the mortgage, if any.
2. To bring into good standing any accounts related to the mortgage for which we are holding funds for payment to others, including tax accounts.
3. To pay for the cost of optional services made available by us and selected by you.
4. To pay any collection expenses or any applicable administration and processing fees.
5. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the principal amount accumulated up to, but not including, the payment date.
6. To reduce the principal amount.

However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

Here is an example of how payments are normally applied and how you can estimate how much of your regular payment will be applied to principal and how much will be applied to interest. The result you get will only be an estimate. We use a precise formula to calculate these amounts, which has been simplified for the example. The actual amounts may be higher or lower than the estimates. You can contact us to find out exactly how each of your payments is applied.

Example of how to estimate how much of your payment is applied to principal and how much is applied to interest

Mary and Sebastian have an ***Adjustable Rate Mortgage*** with monthly payment dates. Every month, they pay $557.50. Of this payment, $62.00 is for life insurance premiums and $55.00 is for estimated taxes. At the last payment date, the principal amount they still owed was $87,500.00. Their current mortgage rate for the period is 4.000%, and there are 28 days in the current payment period.

In addition, they owe the following amounts:

Deferred Interest:	$40.00
Collection Expenses:	$45.00

Here is how they can estimate how much of their next payment will be applied to interest and how much will be applied to principal.

Step 1: Total payment	$557.50
Step 2: Subtract life insurance premium	$62.00
Step 3: Subtract estimated taxes	$55.00
Step 4: Subtract collection expenses	$45.00
Step 5: Estimate and subtract interest on the principal amount	

Interest on the principal amount can be estimated using the following formula:

$$\text{Principal Amount} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$87{,}500.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$268.49$$

Step 6: Subtract deferred interest owing	$40.00
Step 7: Estimate and subtract interest on the deferred interest	

Interest on deferred interest can be estimated using the following formula:

$$\text{Deferred Interest} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$40.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$0.12$$

Step 8: Estimated amount left to be used to reduce the principal amount	$86.89

4.9 *Changing the amount of your regular payments*

Each Mortgage Year, you have the privilege of increasing the amount of your regular payment. The increase allowed depends on the type of mortgage you have. These privileges are non-cumulative. This means that you cannot carry forward unused allowable increases or decreases in payments to future mortgage years.

If you have an adjustable rate mortgage, once each Mortgage Year you may increase the amount of your regular payment to any amount, without paying a prepayment charge, as long as the resulting amortization period is not less than five years. Once each Mortgage Year, you may also decrease the amount of your regular payment as long as the resulting amortization period is not longer than the remaining time left in the original amortization period.

For other types of mortgages, use the chart on the next page to see how much you can increase your payments in each Mortgage Year.

Type of Mortgage	Maximum increase in regular payments allowed once each mortgage year without a prepayment charge
• Auto 6 Plus (6 Month Convertible) Mortgage • Basic Mortgage • Access Fixed Rate Mortgage	Up to 15% of the original regular payment amount
• Auto 12 Plus (12 Month Convertible) Mortgage • Fixed Rate Mortgage with a term of 2 years or longer (other than a Basic Mortgage or an Access Fixed Rate Mortgage)	Up to 25% of the original regular payment amount

For the types of mortgages listed in the chart above, once each Mortgage Year you may also decrease the amount of your payment, but only if the amortization period for the mortgage which results from that decreased payment amount does not exceed the remaining amount of time left in the original amortization.

To qualify for increasing or decreasing your payments, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.10 Prepaying your open mortgage without paying a prepayment charge

(applies ONLY if you have an Adjustable Rate Open Mortgage)

If you have an ***Adjustable Rate Open Mortgage***, you may prepay any part of the outstanding loan amount on a regular payment date or the full outstanding loan amount at any time without a prepayment charge. To qualify, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

4.11 Prepaying your closed mortgage without paying a prepayment charge

Each Mortgage Year, you may prepay up to a certain percentage of the original principal amount without paying a prepayment charge. The allowable percentage depends on the type of mortgage you have. Use the chart below to find out how much you can prepay in a Mortgage Year without a prepayment charge.

Type of Mortgage	**Amount of prepayment allowed once each mortgage year without a prepayment charge**
• Auto 6 Plus (6 Month Convertible) Mortgage	Up to 10% of the original principal amount
• Adjustable Rate Mortgage • Auto 12 Plus (12 Month Convertible) Mortgage • Fixed Rate Mortgage with a term of 2 years or longer (other than a Basic Mortgage)	Up to 20% of the original principal amount
• Basic Mortgage • Access Fixed Rate Mortgage	Up to 15% of the original principal amount

The following conditions apply:

- you may only make a prepayment on a regular payment date;
- the minimum prepayment is $100.00;
- if you do not use any or all of this privilege in a Mortgage Year, you cannot carry forward any unused portion of the privilege to a future mortgage year;
- this right of prepayment without paying a prepayment charge does not apply if you prepay the entire principal amount of the mortgage, even if you have not used this privilege in the mortgage year when the mortgage is paid off;
- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.12 Prepaying the loan amount with prepayment charges

Prepayment charges will be payable in addition to regular interest at the rate specified in your mortgage and, where applicable, interest in connection with payments we have not processed between the date on which you made your last regular payment and the prepayment date.

Ordering the mortgage payout statement

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

After the end of the fifth year of your mortgage

If the term of your mortgage is greater than five years and you are not a corporation, you may prepay the entire outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay. Interest costs will be calculated at your mortgage interest rate that is in effect on the prepayment date.

Before the end of the fifth year of your mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

Prepaying your *Adjustable Rate Mortgage, Prime Minus*

If, during the first three years of the term, you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to two months' interest on the amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at the CIBC Prime Rate in effect on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to two months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be the CIBC Prime Rate in effect on the date we prepare the mortgage payout statement.

If you have an Adjustable Rate Mortgage, Prime Minus, you can make a partial prepayment that is more than the 20% allowed or prepay all of the outstanding principal amount in the fourth and fifth year of the term without a prepayment charge. However, any partial prepayment must be made on a regular payment date.

Prepaying your *Adjustable Rate Mortgage other than an Adjustable Rate Mortgage, Prime Minus*

If you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months' interest on the amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at the CIBC Prime Rate in effect on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be the CIBC Prime Rate in effect on the date we prepare the mortgage payout statement.

Prepaying your *Auto 6 Plus (6 Month Convertible) Mortgage or Auto 12 Plus (12 Month Convertible) Mortgage*

If you want to prepay more than what is allowed in section 4.11 above in a mortgage year, a prepayment charge will apply. This prepayment charge will be payable in addition to regular interest at the rate specified in your mortgage. The prepayment charge will be the higher amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount that is subject to a prepayment charge, calculated at your existing annual interest rate on the date of prepayment (plus any discounts you received on your existing annual interest rate); or
- the interest rate differential amount.

If you are making a **partial** prepayment, the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from the prepayment date to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from the prepayment date to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date of prepayment for a closed FirstLine brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
   - the remaining term of your mortgage;
   - the features of your mortgage; and
   - whether you have a conventional or a high-ratio mortgage.

If you are prepaying **all** of the outstanding principal amount, the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from your last scheduled regular payment date which falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from your last scheduled payment date that falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date we prepare the mortgage payout statement for a closed FirstLine brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
   - the remaining term of your mortgage;
   - the features of your mortgage; and
   - whether you have a conventional or a high-ratio mortgage.

4.13 Prepayments if the property has more than four living units or if the property is used for commercial, industrial or non-residential purposes

If your property has more than four living units or is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

4.14 Prepayment charges for U.S.A. residents

If you are a resident of the United States of America (U.S.A.) for tax purposes at the time you prepay your mortgage, any prepayment charges may be considered as "interest" for U.S.A. tax purposes. In these cases, we have the right to increase the prepayment charge by multiplying it by 1.1111 to cover the tax which may be imposed by the U.S.A. tax authorities on your prepayment charges.

4.15 Date of the mortgage

You agree that for purposes of defining the date of the mortgage for any statutory right of prepayment, renewal or early renewal, the date of the mortgage is the interest adjustment date. This is the case even if the mortgage or renewal agreement or early renewal agreement was signed on a different date.

4.16 Repaying the cash back option

If you have a mortgage that offered a cash back option, you may be required to repay us all or a portion of the cash amount received. You may be required to do this if, for any reason, any of the following occur before the maturity date of the mortgage:

- any of the terms and conditions of the original mortgage are changed;

- the mortgage is refinanced, or you renew the mortgage early;
- the mortgage is assumed;
- you sell your property and buy another property within 90 days and we finance the new mortgage under section 15, "Portability" in these Standard Charge Terms;
- we sell your property under power of sale; or
- the mortgage is discharged.

We will determine the amount and method of calculation for the amount to be repaid based on your mortgage documents.

The repayment of the cash received under a cash back option is separate from any prepayment charges or fees that are applicable to the mortgage.

We may add the repayment amount to the principal amount owing at the time the mortgage is amended, discharged, refinanced or when you take advantage of early renewal.

5. Early renewal of open mortgages

(applies ONLY if you have a fixed rate mortgage)

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you cannot renew your mortgage early.

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may renew the mortgage before the balance due date. However, the following conditions apply:

- you must have met all your obligations under the mortgage;
- you must select from the mortgage options that we offer at the time you apply for early renewal;
- you must sign a mortgage amending agreement or an early renewal agreement, in a form acceptable to us, which will contain all of the changed terms and conditions;
- the interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage amending agreement or the early renewal agreement;
- you must pay us any administration and processing fees that apply to early renewal;
- you must pay us applicable prepayment charges;
- you must pay us any accumulated interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to the early renewal of your mortgage, including the costs of registration of the renewal documents.

You must pay us all amounts related to the early renewal immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

6. Converting your mortgage

[applies ONLY if you have an Adjustable Rate Mortgage, an Auto 6 Plus (6 Month Convertible) Mortgage or an Auto 12 Plus (12 Month Convertible) Mortgage]

If you have met all your obligations under the mortgage, you may convert your mortgage to another FirstLine brand mortgage with an interest rate and terms that we offer to you at the time you convert the mortgage. The following conditions apply:

- if you have an ***Adjustable Rate Mortgage, Plus*** you may convert your mortgage to an Access fixed rate mortgage with a term of three years or longer;
- if you have ***an Adjustable Rate Mortgage (other than an Adjustable Rate Mortgage, Plus)***, you may convert your mortgage to any type of mortgage offered by us at the time under the FirstLine brand for National Housing Act insured loans with a fixed interest rate and with equal monthly payments and for a term of three years or longer;

- if you have an **Auto 6 Plus (6 Month Convertible) Mortgage or Auto 12 Plus (12 Month Convertible) Mortgage**, you may convert to any type of mortgage then offered by us under the FirstLine brand having a term of more than one year;
- you must apply in writing to our Mortgage Servicing Division;
- you must sign our mortgage conversion or amending agreement, which will contain all changed terms and conditions of the mortgage option you select;
- the new interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage conversion or amending agreement;
- the new payments will begin on the first or second scheduled payment date following conversion, determined by us; and
- you must pay us any interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest.

If, for any reason, a mortgage amending agreement is not signed, your written request to convert your mortgage will be binding on you and we are entitled to rely on it.

You must pay us all amounts related to converting your mortgage immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply. Any prepayment privileges will be contained in the conversion or amending agreement, whether or not you have signed it.

7. Designated amount

(applies ONLY if you have an Adjustable Rate Mortgage, Prime Minus)

The designated amount is equal to 105% of the original principal amount of the mortgage or may be another amount that we have agreed to in writing.

If at any time the outstanding loan amount exceeds the designated amount, we will require you to do one or more of the following:

- increase the amount of your regular payment so the mortgage will be repaid completely over the remaining time in the original amortization period;
- reduce the loan amount owing by making a lump sum payment to reduce the outstanding loan amount below the original principal amount; or
- convert the mortgage to a fixed rate mortgage according to the requirements outlined in section 6, "Converting Your Mortgage."

If you do not do so, we have the right to:

- require you to pay the entire loan amount immediately; or
- increase your regular payment amount so that the mortgage will be repaid completely over the remaining time in the original amortization period.

8. Automatic renewal of the mortgage

8.1 Automatic Renewal for Auto 6 Plus (6 Month Convertible) Mortgages and Auto 12 Plus (12 Month Convertible) Mortgages

The mortgage will be automatically renewed at the end of the term (6 or 12 months) for a term equal to the original term. The following conditions apply:

- You must have met all of your obligations under the mortgage.
- You must have maintained a satisfactory payment record.
- The interest rate charged during each renewal term will be the lower of our posted rate on the renewal date for this type of mortgage or the guaranteed renewal rate.

We will send you a letter outlining the guaranteed renewal rate 30 days before the end of each term. You may terminate this automatic renewal clause and pay out the mortgage in full at the end of any term by notifying us of your decision to do so at least 15 days before the end of the term.

8.2 Automatic renewal for mortgages with an original term greater than 12 months

(does NOT apply to Adjustable Rate Mortgage, Plus or Access Fixed Rate Mortgage)

You agree to either pay all money owing under the mortgage on the maturity date or to return any renewal agreement on or before the maturity date. If you do not, the mortgage will be considered to be renewed as an Auto 6 Plus (6 month Convertible) Mortgage with the terms and conditions stated in the renewal agreement.

9. Your obligations related to your property

9.1 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

9.2 If you are a tenant or a lessee of your property

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign the mortgage.
- You have met all of your obligations under your lease up to the date you sign the mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rents and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.
- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.
- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in the property and in your lease has been fully charged to us and that the loan amount is adequately secured. You will pay all costs and charges related to doing so.
- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.
- You will hold for the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for us. You will only deal with your property on the last day in the way that we require. You will have the same rights arising from this paragraph of your mortgage as you already have under the rest of the mortgage and under the law. You agree that we may remove you or any other person as trustee of this trust, and that we may appoint a new trustee.

- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.
- If we enforce our rights under the mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors.
- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under the mortgage, including our right to sell your property under power of sale.

9.3 *Demolition and alterations*

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

9.4 *Insurance*

(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your mortgage, or add the amount to the loan amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the loan amount, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you.

9.5 *Property taxes*

On or before the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay current or future taxes.

After the interest adjustment date, you agree to pay us, on each regular payment date, a tax instalment in an amount based on the estimated annual taxes that will be payable for the year following that regular payment date. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments.

If you want to take advantage of any discount or to avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices. If you do not pay us, we will add these costs to the loan amount.

We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

If you do not meet any one or more of your obligations under the mortgage, we may apply any money that we have received for property taxes to any portion of the loan amount. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay property taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must repay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to the loan amount. If, for any reason, you do not pay the taxes when required, then we will require that you pay the property taxes to us as described above.

9.6 *Repairs*

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may declare that you are in default on your mortgage, or add the costs to the loan amount, or do both.

9.7 *Leasing or renting your property to another person*

If your property is approved by us as owner-occupied residential premises, you certify that no part of your property is rented or occupied by a tenant. You also agree **not** to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease on your property.

If your property is a rental property, we must consent to any rental. You also assign to us all leases, lease agreements and renewals, present and future, and all rents payable under these leases and agreements, and all rights under these leases and agreements as they affect your property. You must obtain our written approval before any future leases of your property are made, and before the renewal of any lease (unless it is a renewal provided for in a lease we have already approved).

If you lease any part of your property to another person in the future, you must do the following, if we ask you to:

- Sign and deliver to us an assignment of all leases, lease agreements, renewals, rents payable under the leases and agreements, and all rights contained in the leases, lease agreements and renewals that affect your property. The assignment must be suitable for registration and acceptable to us. We may also require that the assignment provide for obtaining estoppel certificates from tenants. We may also require that the assignment include specific assignments of leases. An estoppel certificate is a written statement from a tenant certifying, for example, the terms of the lease, or any promises made to them about the lease.
- Give us security on fixtures, equipment and other movable property or chattels as we may reasonably require.

You must pay all of our expenses related to the additional security. These expenses may include legal fees and registration costs.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will also be considered to have done this to adversely affect the value of our interest in the property, as described in the *Mortgages Act*.

If you do not meet one or more of these obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the full loan amount immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property.

Nothing we do under this section will be considered as us taking possession of your property.

9.8 *Hazardous or illegal substances, environmental regulations, and illegal activities*

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If your mortgage is insured by the Canada Mortgage and Housing Corporation (CMHC) or by Genworth Financial Mortgage Insurance Company Canada (Genworth), CMHC or Genworth or their agents may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the costs of any testing, assessment, investigation or studies, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we, CMHC, or Genworth enforce our rights under this section, we, CMHC or Genworth will not be considered to have taken possession, management or control of your property. This also applies to our agents and agents of CMHC and Genworth.

9.9 *Ontario New Home Warranties Plan Act*

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

9.10 *Possession of your property on default*

You certify to us that if you fail to meet any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference.

10. Condominium

(applies ONLY to property that is a condominium unit)

10.1 *Compliance with the Condominium Act, 1998*

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

10.2 *Payment of amounts and common expenses*

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

10.3 *Notices and demands*

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

10.4 *Voting rights*

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

10.5 Acceleration of repayment of the loan amount

At our option, the loan amount will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws or rules and regulations;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements as required by section 9.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

10.6 Insurance

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or
- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

11. Our rights

11.1 We are under no obligation to make advances to you under the mortgage

We may, for any reason, decide not to advance you all or any part of the principal amount, even if:

- you have signed this mortgage;

- this mortgage has been registered; or
- we have already given you part of the principal amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the mortgage. These costs will include legal fees, charged on a "substantial indemnity" basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the mortgage, or add them to the loan amount, or do both.

11.2 Releasing your property from the mortgage

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the loan amount. Your obligations, and the obligations of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

11.3 Enforcing our rights

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the mortgage, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference.
- **Appoint a receiver.** We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
    - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
    - its own commission as receiver;
    - all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing;
    - interest owing under the mortgage; and
    - all or any part of the loan amount, whether it is due or not.
- **Sue you.** We may take any action that is necessary to collect the loan amount.
- **Lease your property or collect rents.** If you are in default on the mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.

- **Power of sale.** If you are in default on the mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the Mortgages Act, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale (after paying all costs and expenses) to reduce any part of the loan amount. We will only be responsible for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Foreclosure or sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
- **Cure any defaults.** We can cure any defaults under the mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

11.4 Delay in enforcing our rights

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the mortgage;
- require payment of the loan amount if you are in default; and
- require any other person, including a guarantor, who has obligations under the mortgage, to meet those obligations.

If you are in default, we may require you, or anyone else who is obligated by this mortgage, including any guarantor, to pay the total loan amount.

11.5 If we do not enforce our rights on a particular default

In some cases, we may not enforce our rights on a particular default by you or a guarantor. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

11.6 Court orders and judgments

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage, including our right to receive interest as required by the mortgage.

11.7 Doctrine of consolidation

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

11.8 Administration and processing fees

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of your mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the loan amount. We will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your mortgage, or add these fees to the loan amount, or do both.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available by contacting us.

11.9 Certain actions we can take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you are a tenant or a lessee of your property, we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

Any payments we make under the mortgage will be added to the loan amount. We will charge you interest on these payments from the date we pay them at the interest rate specified in your Charge/Mortgage of Land. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

12. What happens if your property is sold or transferred

If you transfer title, or agree to transfer title, to your property to anyone without first obtaining our written approval, we may require you to pay the entire loan amount immediately. Accepting any payment from any person who we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the full loan amount immediately.

You agree to give us sufficient information to enable us to decide whether we should give our written approval. After we have received this information, we will make our decision as soon as possible. We will not unreasonably withhold our approval.

If you exercise this privilege, there may be an administration and processing fee. You must pay us these fees immediately. If you do not, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if:

- we give our written approval to you to transfer title to your property;
- the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and
- you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons, and, if we request it, one or more guarantee agreements.

13. Guarantee

Each person who signs the mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the loan amount as and when required by the mortgage; and
- to meet all other obligations of the borrower under the mortgage.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage. This means that each individual guarantor is responsible for meeting all obligations under the mortgage, including payment of the entire loan amount.

We may, at any time or times do any of the following, without notifying any guarantor, and without obtaining the consent of any guarantor:

- extend the time for payment;
- give a renewal;
- amend any agreement;
- give an extension;

- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the mortgage; and
- deal with any other matter affecting the mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

14. Assumption of the mortgage

If you are not the original borrower, you agree to all obligations of the original borrower under the mortgage as if you had signed the original mortgage.

15. Portability

If you have met all your obligations under the mortgage and you have agreed to sell your property and purchase another property within 90 days of the sale of your original property, we may provide financing for the purchase of the new property. The following conditions apply:

- You must apply in writing.
- You will be required to give us a mortgage on your new property.
- The sale of your original property must be in good faith and be an "arms-length" sale. In most cases, an arm's length sale is one where the buyer and seller are unrelated. That is, they have no personal or business relationship with each other. If the buyer and seller do have a personal or business relationship, the sale must be at a fair market value to be considered "arms-length."
- On the date you complete the sale of your original property, an amount sufficient to pay the principal amount, interest to the date of the new mortgage and any prepayment charges due under this mortgage will be held by us. We will release these funds when the new mortgage is registered, as long as it is registered within 90 days. If it is not registered within 90 days, we will apply the amount held by us to prepay the mortgage in full, including any prepayment charges and administration fees that may apply.
- You will continue to make regular payments under this mortgage.
- The mortgage must be transferred to the new property without any changes in outstanding balance, interest rate, and terms and conditions described in these Standard Charge Terms.
- Our mortgage approval criteria and requirements for documentation in effect at the time you make your application will apply and must be met, including requirements for CMHC or Genworth mortgage insurance, if applicable. You will be responsible for paying all administration and processing fees, CMHC and Genworth insurance premiums, all legal and appraisal fees, and other expenses incurred in connection with the new mortgage.

16. Expropriation

If your entire property is expropriated, the loan amount will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, plus any loss of interest.

17. *Family Law Act*

You certify to us that all information that you gave us about your marital status and your property when applying for the loan, and the statements made in the Charge/Mortgage of Land are true and accurate under the *Family Law Act*.

18. If part of the mortgage is not valid

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

19. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the mortgage.

20. *National Housing Act*

All CMHC insured mortgages are made according to the *National Housing Act*.

21. Reference to laws

Any reference to legislation in the mortgage includes amendments and replacements to that legislation in force from time to time.

22. Collecting, using, and disclosing your personal information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about your mortgage;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, maintain and collect upon your mortgage. We will use and disclose your personal information according to Firstline's privacy policies which are outlined in Firstline's brochure, "Your Privacy Is Protected." This privacy policy may be amended, replaced or supplemented from time to time. You can get information on our current privacy policy by contacting us or visit www.firstline.com.

You agree that we may enter into this mortgage on behalf of another entity, as an agent or nominee, and also that we may assign this mortgage to another entity. In these cases, the entity is known as the "beneficial owner." We can do this whether or not the beneficial owner is named in this mortgage. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns the mortgage. We may also disclose your personal information to any service provider. A service provider is any person or entity that:

- is involved in the servicing, maintenance, collection or operation of the mortgage; or
- provides services or benefits to you under the mortgage, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your mortgage application, and ongoing information and documentation about you and your mortgage sufficient for the beneficial owner, agent, assignee and service provider to administer the mortgage and exercise their rights under it.

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23. Discharge

After you have paid us the loan amount, we will sign a discharge and send it to you within a reasonable time. Or, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge. We have the right to refuse a discharge or transfer of this mortgage until any charges or returned cheque amounts that arise after the discharge statement is prepared are paid.

For purposes of calculating per diem interest, funds received after 3:00 p.m. on any business day will be considered to be received on the next business day.

You will pay our usual administration and processing fee for preparing, reviewing and signing any such documents and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

DATED at Toronto, this 3rd day of March, 2006.

Jane Chung
Counsel

STANDARD CHARGE TERMS
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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200614 Cote
Filing Date March 24th 2006 Date de Dépôt
Page 1 of/de 28 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

CIBC

Standard Charge Terms
Land Registration Reform Act

Filed By:	CIBC Mortgages Inc.
Filing Number:	
Filing Date:	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms:

Mortgage means:

- the Charge/Mortgage of Land which is the part of this mortgage that is or will be registered against the title to your property;
- this set of Standard Charge Terms;
- any Schedules that are attached to the Charge/Mortgage of Land; and
- any renewals or amendments.

You and **your** mean each person, corporation, and other entity who has signed the mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity.

We, us, and **our** mean CIBC Mortgages Inc.

CIBC means Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. It includes all buildings and structures on the land now or added later, as well as anything attached now or later to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount is the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Your regular payment means the amount of each payment as described on the Charge/Mortgage of Land.

Loan amount means the amount of money you owe us at any given time under this mortgage. It is the balance you owe on the loan. The loan amount may include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other charges and interest on other charges. Other charges may include the expenses of enforcing our rights as well as paying off any prior charges against your property. These may include such things as:

- costs for preparing and registering this mortgage;
- costs for providing insurance, if we decide to insure your property;
- costs for inspecting your property;
- all of our administrative and legal costs; and
- paying any charges or liens against your property that we have not agreed to in our loan approval document such as taxes owing on your property.

Interest Adjustment Date is the date identified as the interest adjustment date in the mortgage. The interest adjustment date is one payment period before the first regular payment date.

CIBC Prime Rate is the annual variable reference rate of interest that CIBC declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

Mortgage Year means the 12-month period following the interest adjustment date and each anniversary of the interest adjustment date.

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2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property to us. In return, we make a loan to you for the principal amount, or any part of the principal amount as is advanced to you from time to time. This means that your interest in your property is security to us for repayment of the loan amount and your performance of all your obligations under the mortgage.

You agree to pay the loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage, including paying all taxes on your property.

Our interest in your property ends when you have repaid the total loan amount, as provided in the mortgage, and you have met all of your obligations under this mortgage.

2.1 Your interest in your property

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this mortgage.

If you are a tenant or a lessee of your property, you charge and sublease your entire interest in your property to us for the entire term of the lease (except the last day), including any renewals. Your interest in your property includes any option or right of first refusal to purchase.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately. If you do not pay them, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

2.2 Who is obligated by this mortgage

The obligations under this mortgage are the collective and individual responsibility of each person, corporation or other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage and paying the entire loan amount, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Our successors and anyone to whom we transfer this mortgage is also obligated by this mortgage.

2.3 Changing or renewing this mortgage (also important to anyone who has a subsequent interest in your property)

We may make written agreements with you to change any part of this mortgage. These agreements could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the mortgage. Even if we do not register these agreements, this mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the mortgage.

Any new agreement we make with any borrower or any other person who is obligated to pay the loan amount will not release or affect the liability of others who are obligated under this mortgage, even if they do not sign or are not advised of the new agreement.

2.4 Building mortgage

If the mortgage is used to finance an improvement, you agree to make the improvement only according to plans and specifications that we have approved. Improvements include any construction or installation on your property or any alteration, addition or repair to any building or structure on your property.

You must complete the improvement as quickly as is reasonably possible and must meet all government requirements and building standards that apply to your property. If we ask you to, you will provide us with proof that you have met all government requirements and building standards that apply to your property. You must pay for all costs associated with providing this proof.

You will be responsible for all costs related to the improvement and will provide us with proof that you have paid all money that is owed in connection with the work.

We may make advances to you based on progress in completing the improvement or upon its completion. In the case of a building, we may also make advances to you based on its occupancy or the sale of the building. You agree to pay us our administration and processing fees in effect at the time for any advances we make that are based on progress. You must pay us these administration and processing fees immediately. If you do not pay them, we may declare that you are in default on the mortgage, or add the fees to the loan amount, or do both.

We may hold back money from any advances until we are satisfied that all obligations under the *Construction Lien Act* are met. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

We may obtain an order removing any construction lien, and, if we think it is necessary, we may provide financial guarantees or other security to obtain such an order. You must immediately pay all of our expenses for this, including any charges for providing financial guarantees. If you do not pay these expenses, we may declare that you are in default on the mortgage, or we may add the amount payable to the loan amount, or we may do both.

2.5 Making material changes

Any agreement, whether verbal or in writing, to make material changes to the mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original Charge/Mortgage of Land, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the mortgage.

2.6 Mortgages with deposits

If required under the terms of your mortgage loan, you will deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the principal amount advanced. You will earn interest on this deposit at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days of the date of funding. If this is not done, you authorize us to apply the deposit on account of the mortgage principal and the monthly payment will be adjusted to reflect the lower principal balance. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

3. Interest

3.1 Interest rate

You will find the interest rate on the Charge/Mortgage of Land or on the Schedule attached to the Charge/Mortgage of Land.

Interest is payable on the loan amount at this rate until the total loan amount has been paid, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.2 *Payment frequency*

Interest is payable at the frequency shown on the Charge/Mortgage of Land.

3.3 *If you have a fixed interest rate mortgage*

If you have a fixed interest rate mortgage, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

3.4 *If you have a variable interest rate mortgage*

(applies ONLY to adjustable rate mortgages)

Because the interest rate on your loan is variable, the interest rate in effect at any particular time is called your current mortgage rate.

If you have an ***Adjustable Rate Mortgage***, the interest rate will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The CIBC Prime Rate will vary from time to time. The principal and interest payment will be recalculated every time the CIBC Prime Rate changes, based on the current mortgage rate and the remaining amortization period of the mortgage.

Interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

The interest rate will change **automatically** every time there is a change in the CIBC Prime Rate. These changes will occur without you being notified.

Within a reasonable time after each change in the CIBC Prime Rate, we may send you a letter telling you the current mortgage rate, and the date it became effective, and if applicable, the new principal and interest payment amount. We will mail this letter to the address we have on file for you. The interest rate will still vary whether or not we have sent you a letter about the change, or whether you have received the letter. However, if we do send you the letter, we may continue to accept or process the same payment amount that we processed before the change in the CIBC Prime Rate until a reasonable time after the letter was sent to you. You can always find the current CIBC Prime Rate on our website (www.firstline.com) or by contacting us.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

If there is a need to prove the CIBC Prime Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

3.5 *Deferred Interest /Negative Amortization*

If your regular principal and interest payment is not sufficient to cover the interest on the mortgage from one regular payment date to the next, the interest outstanding is called deferred interest. Deferred interest is added to the outstanding principal balance on your mortgage. When deferred interest is added to your outstanding principal balance, negative amortization can occur. This means that the amortization period of your mortgage may increase rather than decrease. In addition, when deferred interest is added to the outstanding principal balance of your mortgage, the entire amount becomes principal and interest is charged on it at the current mortgage rate.

3.6 *Interest on amounts advanced to you before the interest adjustment date*

If this mortgage is not a building mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated in the manner outlined in the Charge/Mortgage of Land and the rate will be the lower of the following two rates:

- the initial interest rate set seven days before the date of advance; and
- the current mortgage rate in effect on the date of advance.

If this is a building mortgage, interest on progress advances is calculated daily. It is payable monthly up to the interest adjustment date established for the initial term of the mortgage. We may deduct the interest owing on any advance from future advances, without making any adjustment. In cases where more than 30 days have passed between advances, you must pay interest on previous advances as soon as it is invoiced or deducted from your account. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. We will deduct any interest owed on the interest adjustment date established for the initial term of the mortgage from the last substantial advance.

3.7 *Interest on overdue amounts*

If you do not make the regular mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is shown on the Charge/Mortgage of Land and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

3.8 *Interest adjustment when payment frequency changes*

If you are not in default on your loan, you may change your payment frequency to any of the options available for your type of mortgage at the time you make the change. If you choose to change your payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your loan, or we may add the interest adjustment and administration or processing fees to the loan amount, or we may do both.

3.9 *Increase and Blend*

(applies ONLY to Options Fixed Rate Mortgages)

As long as you meet our mortgage approval criteria, including those relating to the borrower and mortgage terms, you may:

- increase the principal amount secured; and/or
- extend the term of the mortgage.

If you do either or both of these, the interest rate that will apply will be blended to reflect the existing mortgage rate, the prevailing rates, prepayment charges, and administration and processing fees, if any.

3.10 *U.S.A. resident*

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us.

In these cases, the interest rate on your mortgage is or will be based on our normal lending rates multiplied by 1.1111. This is done to cover our obligations to remit this tax to the U.S.A. tax authorities.

We may change this formula any time during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority in the U.S.A., makes a change to the amount of tax to be paid.

For example, if you are a resident of the U.S.A. when you sign the mortgage, and the normal lending rate is 6.250% a year, your interest rate will be 6.944% a year. This is equal to 6.250% x 1.1111.

Or, if you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% a year, your new interest rate will be 6.944% a year, which is equal to 6.250% x 1.1111.

4. Payments on the loan amount

4.1 Currency and place of payment

You will pay the loan amount to us in Canadian dollars at the address shown on the Charge/Mortgage of Land.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 Regular payments

You must make regular payments to us for the principal and interest. The amount of each payment and the payment dates are shown on the Charge/Mortgage of Land. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the loan amount on the balance due date. You can find the balance due date on the Charge/Mortgage of Land.

4.3 Bank account for payments

You must maintain a bank account that is satisfactory to us with a Canadian financial institution and give us authorization to automatically deduct each payment of principal, interest, taxes, life insurance premiums (if applicable) and any other optional services you have selected when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your loan, or add these fees to the loan amount, or do both.

4.4 Payments on amounts advanced to you before the interest adjustment date

We may advance to you part of the principal amount before the interest adjustment date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the interest adjustment date:

- we may ask you to pay the interest on this amount on the interest adjustment date;
- we may deduct the interest from your bank account on the interest adjustment date;
- we may deduct the interest from the remaining amount of the principal that we advance to you; or
- we may deduct the interest from your bank account on the first regular payment date.

4.5 Payment on default

If you do not meet one or more of your obligations under the mortgage, including your obligation to make payments, you must immediately pay to us all outstanding amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest, taxes, life insurance premiums (if applicable) and any other optional services you have selected on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the loan amount. We may also use any of our rights stated in section 4.7 below.

4.6 Demand to repay the total loan amount immediately

We may require you to repay the total loan amount immediately if:

- you do not make any payment required by the mortgage;
- you do not meet one or more of your obligations under the mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this mortgage, or when you applied for the mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days; or
- your property is abandoned.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this mortgage.

4.7 How we apply your payments

We will apply payments we receive from you in the following order:

1. To pay any life insurance premiums on the mortgage, if any.
2. To bring into good standing any accounts related to the mortgage for which we are holding funds for payment to others, including tax accounts.
3. To pay for the cost of optional services made available by us and selected by you.
4. To pay any collection expenses or any applicable administration and processing fees.
5. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the principal amount accumulated up to, but not including, the payment date.
6. To reduce the principal amount.

However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

Here is an example of how payments are normally applied and how you can estimate how much of your regular payment will be applied to principal and how much will be applied to interest. The result you get will only be an estimate. We use a precise formula to calculate these amounts, which has been simplified for the example. The actual amounts may be higher or lower than the estimates. You can contact us to find out exactly how each of your payments is applied.

Example of how to estimate how much of your payment is applied to principal and how much is applied to interest

Mary and Sebastian have an ***Adjustable Rate Mortgage*** with monthly payment dates. Every month, they pay \$557.50. Of this payment, \$62.00 is for life insurance premiums and \$55.00 is for estimated taxes. At the last payment date, the principal amount they still owed was \$87,500.00. Their current mortgage rate for the period is 4.000%, and there are 28 days in the current payment period.

In addition, they owe the following amounts:

Deferred Interest:	\$40.00
Collection Expenses:	\$45.00

Here is how they can estimate how much of their next payment will be applied to interest and how much will be applied to principal.

Step 1: Total payment	\$557.50
Step 2: Subtract life insurance premium	\$62.00
Step 3: Subtract estimated taxes	\$55.00
Step 4: Subtract collection expenses	\$45.00
Step 5: Estimate and subtract interest on the principal amount	

Interest on the principal amount can be estimated using the following formula:

$$\begin{array}{c}\text{Principal}\\\text{Amount}\end{array} \times \begin{array}{c}\text{Current}\\\text{Mortgage Rate}\end{array} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$87,500.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$268.49$$

Step 6: Subtract deferred interest owing	\$40.00
Step 7: Estimate and subtract interest on the deferred interest	

Interest on deferred interest can be estimated using the following formula:

$$\begin{array}{c}\text{Deferred}\\\text{Interest}\end{array} \times \begin{array}{c}\text{Current}\\\text{Mortgage Rate}\end{array} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$40.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$0.12$$

Step 8: Estimated amount left to be used to reduce the principal amount	\$86.89

4.8 *Changing the amount of your regular payments*

Each Mortgage Year, you have the privilege of increasing the amount of your regular payment. The increase allowed depends on the type of mortgage you have. These privileges are non-cumulative. This means that you cannot carry forward unused allowable increases or decreases in payments to future mortgage years.

To qualify for increasing or decreasing your payments, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

- **If you have an Option Adjustable Rate Mortgage,** once each mortgage year you may increase the amount of your regular payment to any amount, without paying a prepayment charge, as long as the resulting amortization period is not less than five years. Once each mortgage year, you may also decrease the amount of your regular payment as long as the resulting amortization period is not longer than the remaining time left in the original amortization period.

If you have an Option Fixed Rate Mortgage, once each mortgage year you may increase the amount of your regular payment up to 15% of the original payment amount. Once each mortgage year, you may also decrease the amount of your regular payment as long as the resulting amortization period is not longer than the remaining time left in the original amortization period. Also, the new payment amount may never be less than the original payment amount.

4.9 Prepaying your closed mortgage without paying a prepayment charge

Each mortgage year, you may prepay up to a certain percentage of the original principal amount without paying a prepayment charge. The allowable percentage depends on the type of mortgage you have.

If you have an Option Adjustable Rate Mortgage, you can prepay up to 20% of the original principal amount each mortgage year without paying a prepayment charge.

If you have an Option Fixed Rate Mortgage, you can prepay up to 15% of the original principal amount each mortgage year without paying a prepayment charge.

The following conditions apply:

- you may only make a prepayment on a regular payment date;
- the minimum prepayment is $100.00;
- if you do not use any or all of this privilege in a mortgage year, you cannot carry forward any unused portion of the privilege to a future mortgage year;
- this right of prepayment without paying a prepayment charge does not apply if you prepay the entire principal amount of the mortgage, even if you have not used this privilege in the mortgage year when the mortgage is paid off;
- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.10 Prepaying the loan amount with prepayment charges

Prepayment charges will be payable in addition to regular interest at the rate specified in your mortgage and, where applicable, interest in connection with payments we have not processed between the date on which you made your last regular payment and the prepayment date.

Ordering the mortgage payout statement

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

After the end of the fifth year of your mortgage

If the term of your mortgage is greater than five years and you are not a corporation, you may prepay the entire outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay. Interest costs will be calculated at your mortgage interest rate that is in effect on the prepayment date.

Before the end of the fifth year of your mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

Prepaying your *Adjustable Rate Mortgage*

If you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months' interest on the amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at the CIBC Prime Rate in effect on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be the CIBC Prime Rate in effect on the date we prepare the mortgage payout statement.

Prepaying a *Fixed Rate Mortgage*

If you want to prepay more than the 15% allowed in any mortgage year, a prepayment charge will apply. This prepayment charge will be payable in addition to regular interest at the rate specified in your mortgage. The prepayment charge will be the higher amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount that is subject to a prepayment charge, calculated at your existing annual interest rate on the date of prepayment (plus any discounts you received on your existing annual interest rate); or
- the interest rate differential amount.

If you are making a **partial** prepayment, the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from the prepayment date to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from the prepayment date to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date of prepayment for a closed CIBC Options brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
    - the remaining term of your mortgage;
    - the features of your mortgage; and
    - whether you have a conventional or a high-ratio mortgage.

If you are prepaying **all** of the outstanding principal amount, the interest rate differential amount is the **difference** between the following two amounts.

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1. The interest costs on the amount prepaid charged from your last scheduled regular payment date which falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from your last scheduled payment date that falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date we prepare the mortgage payout statement for a closed CIBC Options brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
   - the remaining term of your mortgage;
   - the features of your mortgage; and
   - whether you have a conventional or a high-ratio mortgage.

4.11 Prepayments if the property has more than four living units or if the property is used for commercial, industrial or non-residential purposes

If your property has more than four living units or is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

4.12 Prepayment charges for U.S.A. residents

If you are a resident of the United States of America (U.S.A.) for tax purposes at the time you prepay your mortgage, any prepayment charges may be considered as "interest" for U.S.A. tax purposes. In these cases, we have the right to increase the prepayment charge by multiplying it by 1.1111 to cover the tax which may be imposed by the U.S.A. tax authorities on your prepayment charges.

4.13 Date of the mortgage

You agree that for purposes of defining the date of the mortgage for any statutory right of prepayment, renewal or early renewal, the date of the mortgage is the interest adjustment date. This is the case even if the mortgage or renewal agreement or early renewal agreement was signed on a different date.

4.14 Repaying the cash back option

If you have a mortgage that offered a cash back option, you may be required to repay us all or a portion of the cash amount received. You may be required to do this if, for any reason, any of the following occur before the maturity date of the mortgage:

- any of the terms and conditions of the original mortgage are changed;
- the mortgage is refinanced, or you renew the mortgage early;
- the mortgage is assumed;
- you sell your property and buy another property within 90 days and we finance the new mortgage under section 13, "Portability" in these Standard Charge Terms;
- we sell your property under power of sale; or
- the mortgage is discharged.

We will determine the amount and method of calculation for the amount to be repaid based on your mortgage documents.

The repayment of the cash received under a cash back option is separate from any prepayment charges or fees that are applicable to the mortgage.

We may add the repayment amount to the principal amount owing at the time the mortgage is amended, discharged, refinanced or when you take advantage of early renewal.

5. Early renewal of fixed rate mortgages

(applies ONLY if you have a fixed rate mortgage)

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you cannot renew your mortgage early.

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may renew the mortgage before the balance due date. However, the following conditions apply:

- you must have met all your obligations under the mortgage;
- you must select from the mortgage options that we offer at the time you apply for early renewal;
- you must sign a mortgage amending agreement or an early renewal agreement, in a form acceptable to us, which will contain all of the changed terms and conditions;
- the interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage amending agreement or the early renewal agreement;
- you must pay us any administration and processing fees that apply to early renewal;
- you must pay us applicable prepayment charges;
- you must pay us any accumulated interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to the early renewal of your mortgage, including the costs of registration of the renewal documents.

You must pay us all amounts related to the early renewal immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

6. Converting your mortgage

(applies ONLY if you have an Adjustable Rate Mortgage)

If you have met all your obligations under the mortgage, you may convert your mortgage to fixed rate CIBC Options brand mortgage with an interest rate and terms that we offer to you at the time you convert the mortgage. The following conditions apply:

- you must apply in writing to our Mortgage Servicing Division;
- you must sign our mortgage conversion or amending agreement, which will contain all changed terms and conditions of the mortgage option you select;
- the new interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage conversion or amending agreement;
- the new payments will begin on the first or second scheduled payment date following conversion, determined by us; and
- you must pay us any interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest.

If, for any reason, a mortgage amending agreement is not signed, your written request to convert your mortgage will be binding on you and we are entitled to rely on it.

You must pay us all amounts related to converting your mortgage immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply. Any prepayment privileges will be contained in the conversion or amending agreement, whether or not you have signed it.

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7. Your obligations related to your property

7.1 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

7.2 If you are a tenant or a lessee of your property

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign the mortgage.
- You have met all of your obligations under your lease up to the date you sign the mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rents and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.
- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.
- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in the property and in your lease has been fully charged to us and that the loan amount is adequately secured. You will pay all costs and charges related to doing so.
- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.
- You will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for us. You will only deal with your property on the last day in the way that we require. You will have the same rights arising from this paragraph of your mortgage as you already have under the rest of the mortgage and under the law. You agree that we may remove you or any other person as trustee of this trust, and that we may appoint a new trustee.
- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.
- If we enforce our rights under the mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors.

- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under the mortgage, including our right to sell your property under power of sale.

7.3 *Demolition and alterations*

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

7.4 *Insurance*

(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your mortgage, or add the amount to the loan amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the loan amount, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you.

7.5 *Property taxes*

On or before the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay current or future taxes.

After the interest adjustment date, you agree to pay us, on each regular payment date, a tax instalment in an amount based on the estimated annual taxes that will be payable for the year following that regular payment date. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments.

If you want to take advantage of any discount or to avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices. If you do not pay us, we will add these costs to the loan amount.

We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

If you do not meet any one or more of your obligations under the mortgage, we may apply any money that we have received for property taxes to any portion of the loan amount. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay property taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must repay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to the loan amount. If, for any reason, you do not pay the taxes when required, then we will require that you pay the property taxes to us as described above.

7.6 *Repairs*

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

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We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may declare that you are in default on your mortgage, or add the costs to the loan amount, or do both.

7.7 *Leasing or renting your property to another person*

If your property is approved by us as owner-occupied residential premises, you certify that no part of your property is rented or occupied by a tenant. You also agree **not** to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease on your property.

If your property is a rental property, we must consent to any rental. You also assign to us all leases, lease agreements and renewals, present and future, and all rents payable under these leases and agreements, and all rights under these leases and agreements as they affect your property. You must obtain our written approval before any future leases of your property are made, and before the renewal of any lease (unless it is a renewal provided for in a lease we have already approved).

If you lease any part of your property to another person in the future, you must do the following, if we ask you to:

- Sign and deliver to us an assignment of all leases, lease agreements, renewals, rents payable under the leases and agreements, and all rights contained in the leases, lease agreements and renewals that affect your property. The assignment must be suitable for registration and acceptable to us. We may also require that the assignment provide for obtaining estoppel certificates from tenants. We may also require that the assignment include specific assignments of leases. An estoppel certificate is a written statement from a tenant certifying, for example, the terms of the lease, or any promises made to them about the lease.
- Give us security on fixtures, equipment and other movable property or chattels as we may reasonably require.

You must pay all of our expenses related to the additional security. These expenses may include legal fees and registration costs.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will also be considered to have done this to adversely affect the value of our interest in the property, as described in the *Mortgages Act*.

If you do not meet one or more of these obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the full loan amount immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property.

Nothing we do under this section will be considered as us taking possession of your property.

7.8 *Hazardous or illegal substances, environmental regulations, and illegal activities*

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If your mortgage is insured by the Canada Mortgage and Housing Corporation (CMHC) or by Genworth Financial Mortgage Insurance Company Canada (Genworth), CMHC or Genworth or their agents may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the costs of any testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we, CMHC, or Genworth enforce our rights under this section, we, CMHC or Genworth will not be considered to have taken possession, management or control of your property. This also applies to our agents and agents of CMHC and Genworth.

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7.9 *Ontario New Home Warranties Plan Act*

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

7.10 *Possession of your property on default*

You certify to us that if you fail to meet any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference.

8. Condominium

(applies ONLY to property that is a condominium unit)

8.1 *Compliance with the Condominium Act, 1998*

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

8.2 *Payment of amounts and common expenses*

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

8.3 *Notices and demands*

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

8.4 *Voting rights*

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

8.5 *Acceleration of repayment of the loan amount*

At our option, the loan amount will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws or rules and regulations;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements as required by section 8.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

8.6 *Insurance*

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or
- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

9. Our rights

9.1 We are under no obligation to make advances to you under the mortgage

We may, for any reason, decide not to advance you all or any part of the principal amount, even if:

- you have signed this mortgage;
- this mortgage has been registered; or
- we have already given you part of the principal amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the mortgage. These costs will include legal fees, charged on a "substantial indemnity" basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the mortgage, or add them to the loan amount, or do both.

9.2 Releasing your property from the mortgage

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the loan amount. Your obligations, and the obligations of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

9.3 Enforcing our rights

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the mortgage, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference.
- **Appoint a receiver.** We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
    - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
    - its own commission as receiver;
    - all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing;
    - interest owing under the mortgage; and
    - all or any part of the loan amount, whether it is due or not.
- **Sue you.** We may take any action that is necessary to collect the loan amount.

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- **Lease your property or collect rents.** If you are in default on the mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Power of sale.** If you are in default on the mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale (after paying all costs and expenses) to reduce any part of the loan amount. We will only be responsible for the money remaining after the payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Foreclosure or sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
- **Cure any defaults.** We can cure any defaults under the mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

9.4 *Delay in enforcing our rights*

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the mortgage;
- require payment of the loan amount if you are in default; and
- require any other person, including a guarantor, who has obligations under the mortgage, to meet those obligations.

If you are in default, we may require you, or anyone else who is obligated by this mortgage, including any guarantor, to pay the total loan amount.

9.5 *If we do not enforce our rights on a particular default*

In some cases, we may not enforce our rights on a particular default by you. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

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9.6 *Court orders and judgments*

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage, including our right to receive interest as required by the mortgage.

9.7 *Doctrine of consolidation*

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

9.8 *Administration and processing fees*

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of your mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the loan amount. We will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your mortgage, or add these fees to the loan amount, or do both.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available by contacting us.

9.9 *Certain actions we can take*

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you are a tenant or a lessee of your property, we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

Any payments we make under the mortgage will be added to the loan amount. We will charge you interest on these payments from the date we pay them at the interest rate specified in your Charge/Mortgage of Land. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

10. What happens if your property is sold or transferred

If you transfer title, or agree to transfer title, to your property to anyone without first obtaining our written approval, we may require you to pay the entire loan amount immediately. Accepting any payment from any person who we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the full loan amount immediately.

You agree to give us sufficient information to enable us to decide whether we should give our written approval. After we have received this information, we will make our decision as soon as possible. We will not unreasonably withhold our approval.

If you exercise this privilege, there may be an administration and processing fee. You must pay us these fees immediately. If you do not, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if:

- we give our written approval to you to transfer title to your property;
- the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and
- you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons, and, if we request it, one or more guarantee agreements.

11. Guarantee

Each person who signs the mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the loan amount as and when required by the mortgage; and
- to meet all other obligations of the borrower under the mortgage.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage. This means that each individual guarantor is responsible for meeting all obligations under the mortgage, including payment of the entire loan amount.

We may, at any time or times do any of the following, without notifying any guarantor, and without obtaining the consent of any guarantor:

- extend the time for payment;

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- give a renewal;
- amend any agreement;
- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the mortgage; and
- deal with any other matter affecting the mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

12. Assumption of the mortgage

If you are not the original borrower, you agree to all obligations of the original borrower under the mortgage as if you had signed the original mortgage.

13. Portability

If you have met all your obligations under the mortgage and you have agreed to sell your property and purchase another property within 90 days of the sale of your original property, we may provide financing for the purchase of the new property. The following conditions apply:

- You must apply in writing.
- You will be required to give us a mortgage on your new property.
- The sale of your original property must be in good faith and be an "arm's-length" sale. In most cases, an arm's length sale is one where the buyer and seller are unrelated. That is, they have no personal or business relationship with each other. If the buyer and seller do have a personal or business relationship, the sale must be at a fair market value to be considered "arm's-length."
- On the date you complete the sale of your original property, an amount sufficient to pay the principal amount, interest to the date of the new mortgage and any prepayment charges due under this mortgage will be held by us. We will release these funds when the new mortgage is registered, as long as it is registered within 90 days. If it is not registered within 90 days, we will apply the amount held by us to prepay the mortgage in full, including any prepayment charges and administration fees that may apply.
- You will continue to make regular payments under this mortgage.
- The mortgage must be transferred to the new property without any changes in outstanding balance, interest rate, and terms and conditions described in these Standard Charge Terms.
- Our mortgage approval criteria and requirements for documentation in effect at the time you make your application will apply and must be met, including requirements for CMHC or Genworth mortgage insurance, if applicable. You will be responsible for paying all administration and processing fees, CMHC and Genworth insurance premiums, all legal and appraisal fees, and other expenses incurred in connection with the new mortgage.

14. Expropriation

If your entire property is expropriated, the loan amount will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

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If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, plus any loss of interest.

15. Family Law Act

You certify to us that all information that you gave us about your marital status and your property when applying for the loan, and the statements made in the Charge/Mortgage of Land are true and accurate under the *Family Law Act*.

16. If part of the mortgage is not valid

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

17. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the mortgage.

18. National Housing Act

All CMHC insured mortgages are made according to the *National Housing Act*.

19. Reference to laws

Any reference to legislation in the mortgage includes amendments and replacements to that legislation in force from time to time.

20. Collecting, using, and disclosing your personal information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about your mortgage;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, maintain and collect upon your mortgage. We will use and disclose your personal information according to CIBC's privacy policies which are outlined in CIBC's brochure, "Your Privacy Is Protected." This privacy policy may be amended, replaced or supplemented from time to time. You can get information on our current privacy policy by contacting any branch of CIBC.

You agree that we may enter into this mortgage on behalf of another entity, as an agent or nominee, and also that we may assign this mortgage to another entity. In these cases, the entity is known as the "beneficial owner." We can do this whether or not the beneficial owner is named in this mortgage. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns the mortgage. We may also disclose your personal information to any service provider. A service provider is any person or entity that:

- is involved in the servicing, maintenance, collection or operation of the mortgage; or
- provides services or benefits to you under the mortgage, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your mortgage application, and ongoing information and documentation about you and your mortgage sufficient for the beneficial owner, agent, assignee and service provider to administer the mortgage and exercise their rights under it.

21. Discharge

After you have paid us the loan amount, we will sign a discharge and send it to you within a reasonable time. Or, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge. We have the right to refuse a discharge or transfer of this mortgage until any charges or returned cheque amounts that arise after the discharge statement is prepared are paid.

For purposes of calculating per diem interest, funds received after 3:00 p.m. on any business day will be considered to be received on the next business day.

You will pay our usual administration and processing fee for preparing, reviewing and signing any such documents and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

DATED at Toronto, this 13th day of March, 2006.

Jane Chung
Counsel

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Filing No. 200615 Cote
Filing Date April 6th 2006 Date de Dépôt
Page 1 of/de 22 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

Filing No.

filed by – Citizens Bank of Canada

STANDARD CHARGE TERMS

These STANDARD CHARGE TERMS shall be deemed to be included in every Charge/Mortgage which refers to them by their filing number, as provided in section 9 of the above Act.

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MORTGAGE TERMS

1. DEFINITIONS

1.1 In the Mortgage;

(a) "**Assignment of Rents**" means the provisions of the Mortgage in the section of the Mortgage Terms called "Assignment of Rents";

(b) "**Balance Due Date**" means the balance due date shown on a Loan Agreement or the Mortgage Form, and is the date on which that part of the Principal Amount evidenced by that Loan Agreement or the Mortgage Form becomes due and payable, or such earlier date on which the Lender can lawfully require payment of that part of the Principal Amount evidenced by that Loan Agreement or the Mortgage Form;

(c) "**Borrower**" means the person or persons described in the Mortgage Form as the borrower, chargor or mortgagor and who signed the Mortgage Form as the borrower, chargor or mortgagor and the heirs, personal representatives, successors and assigns of the Borrower;

(d) "**Borrower's Promises and Agreements**" means any one or more of the Borrower's obligations, acknowledgments, promises and agreements contained in the Mortgage, in the section of the Mortgage Terms called "Borrower's Promises and Agreements" or elsewhere;

(e) "**Company**" means the Borrower or the Covenantor, if the Borrower or the Covenantor is a company;

(f) "**Court**" means a court, Judge, Master, or a Registrar, District Registrar, Deputy Registrar or Registrar General of a court or a Land Title Office, or other judicial or quasi-judicial officer having jurisdiction in any manner arising out of the Mortgage;

(g) "**Covenantor**" means the person or persons who signed the Mortgage Form as the covenantor or guarantor or as the covenantors or guarantors and the heirs, personal representatives, successors and assigns of the Covenantor;

(h) "**Covenantor's Promises and Agreements**" means any one or more of the Covenantor's obligations, acknowledgments, promises and agreements contained in the Mortgage, in the section of the Mortgage Terms called "Covenantor's Promises and Agreements" or elsewhere;

(i) "**Date of Advance**" means the earlier of the date of an advance or re-advance of any of the Principal Amount, or the date on which the Lender has made any of the Principal Amount available for an advance or re-advance;

(j) "**Default**" includes each of the events of default listed in the section of the Mortgage Terms called "Default";

(k) "**Income**" means any rents and profits of or arising from or in any way connected with the Land or the Rental Agreements;

(l) "**Interest**" means interest at the Interest Rate;

(m) "**Interest Adjustment Date**" means the interest adjustment date shown on the Loan Agreement or, if not shown in the Loan Agreement, then the Date of Advance;

(n) "**Interest Calculation Period**" means the period or periods for the calculation of interest shown on the Loan Agreement or the Mortgage Form;

(o) "**Interest Rate**" means the interest rate or rates shown on the Loan Agreement or the Mortgage Form, or such other interest rate or rates as may be agreed in writing between the Lender and the Borrower after execution of the Mortgage Form;

(p) "**Land**" means all the Borrower's present and future interest in the land described in the Mortgage Form including every incidental right, benefit or privilege attaching to that land or running with it and all buildings and improvements that are now or later constructed on or made to that land and all apparatus and equipment now or later attached to or added to such buildings and improvements, which apparatus and equipment shall be fixtures;

(q) "**Land Title Office**" means the government or other office in which the title to the Land is registered or recorded;

(r) "**Lease**" means with respect to any part of the Land in which the Borrower has a leasehold interest, the lease or leases under which such leasehold interest is created and any lease or leases with respect to all or any part of the Land which may be entered into in replacement of or renewal of such lease or leases, as any of the foregoing may be amended from time to time;

(s) "**Legal Costs**" means actual legal costs, on a solicitor and own client (full indemnity) basis;

(t) "**Lender**" means Citizens Bank of Canada, and being the party described in the Mortgage form as the "Mortgagee", and the successors and assigns of Citizens Bank of Canada;

(u) "**Loan Agreement**" means any commitment letter, agreement, note, covenant, guarantee or other document or agreement between the Lender and the Borrower regarding the extension of credit from the Lender to the Borrower or from the Lender to a third party;

(v) "**Loan Payment**" means the amount of each periodic payment shown on the Loan Agreement or the Mortgage Form;

(w) "**Mortgage**" means the Mortgage Form and the Mortgage Terms;

(x) "**Mortgage Form**" means the document prescribed by statute or regulation as the first part of the Mortgage, which makes reference to the Mortgage Terms, and includes all schedules and addenda to such document;

(y) "**Mortgage Money**" means the Principal Amount, Interest and any other money owed by the Borrower to the Lender, the payment of which is secured by the Mortgage;

(z) "**Mortgage Terms**" means these mortgage, or charge, or standard charge mortgage, terms;

(aa) "**Other Charges**" means any mortgage, agreement for sale or other charge or encumbrance of any kind whatsoever of or against the Land;

(bb) "**Payment Date**" means each payment date commencing on the first payment date shown on the Loan Agreement or the Mortgage Form;

(cc) "**Permitted Encumbrances**" means charges affecting the Land or the Borrower's interest in the Land consented to in writing by the Lender;

(dd) "**Place of Payment**" means the place of payment shown on the Loan Agreement or the Mortgage Form or any other place specified in a written notice given by the Lender to the Borrower under the Mortgage Terms;

(ee) "**Prime**" means the greater of the rate published in The National Post from time to time as the "prime rate" under "bank rates for Canada", and the rate published in The Globe and Mail from time to time as the "Canadian prime rate" under "money rates", except any such rate published in an advertisement. If neither such rate is available, the Lender may, in its sole discretion and without notice, designate Prime as being an equivalent rate published in a newspaper of national circulation from time to time;

(ff) "**Principal Amount**" means the total amount of all past, present and future indebtedness and liablilities of the Borrower to the Lender, whether direct, indirect, absolute, contingent, matured or not, whatsoever and howsoever incurred, including all indebtedness and liabilities payable under a Loan Agreement , as reduced by payments made by the Borrower from time to time, or increased by the advance or re-advance of money to the Borrower by the Lender from time to time;

(gg) "**Receiver**" means a receiver or receiver-manager of the Land or the rents and profits of the Land;

(hh) "**Rental Agreements**" means all rental agreements, leases, licenses, occupancy or similar agreements or arrangements, whether written or oral, and any renewals, replacements and amendments, of, for or in any way connected with or relating to the Land or the Income;

(ii) "**Strata Lot**" means a strata lot or condominium unit;

(jj) "**Strata Corporation**" means the corporation governing the Strata Lot;

(kk) "**Taxes**" means all taxes, rates, assessments, local improvement rates, utilities and similar charges levied on the Land by any lawful authority.

2. WHAT THE MORTGAGE DOES

2.1 In consideration for the Lender agreeing to lend all or part of the Principal Amount to the Borrower, the Borrower grants and mortgages the Land to the Lender as security for payment of the Mortgage Money and for performance of all the Borrower's Promises and Agreements;

2.2.1 If the Land comprises or includes a Lease;

(a) the last day of the term of the Lease is excluded from the Mortgage;

(b) the Borrower acknowledges that the last day of the term of the Lease is held in trust by the Borrower for and on behalf of the Lender;

(c) the Borrower irrevocably appoints all officers of the Lender as attorneys of the Borrower, for the purpose of and with full authority to deal with the last day of the term of the Lease as they choose.

2.3 This means that;

(a) the Mortgage shall be a charge on the Land; and

(b) the Borrower releases to the Lender all the Borrower's claim to the Land until the Borrower has paid the Mortgage Money to the Lender, in accordance with the Mortgage Terms, and has performed all of the Borrower's Promises and Agreements;

2.4 The Borrower may continue to remain in possession of the Land as long as the Borrower performs all of the Borrower's Promises and Agreements;

2.5 When the Borrower has paid the Mortgage Money and performed all the Borrower's Promises and Agreements under the Mortgage and the Lender has no obligation to make any further advances or re-advances, the Borrower will be entitled, at the Borrower's cost unless prohibited by law, to receive a discharge of the Mortgage. The discharge must be registered in the Land Title Office, to cancel the registration of the Mortgage against the Land. The Lender has no obligation to register the discharge at the Land Title Office.

3. CONTINUING SECURITY AND CURRENT OR RUNNING ACCOUNT MORTGAGE

3.1 This section applies whether or not the Mortgage secures a current or running account, or is stated to secure a current or running account.

3.2 The Mortgage is continuing security for the payment of the Principal Amount.

3.3 The Mortgage secures a current, running or revolving account or line of credit.

3.4 The Lender may, on one or more occasions, advance and re-advance all or part of the Principal Amount and the Mortgage;

(a) will be security for payment of the Principal Amount as advanced and re-advanced and for the Mortgage Money;

(b) will not be considered to have been redeemed only because;

(i) the advances and re-advances made to the Borrower have been repaid; or

(ii) the accounts of the Borrower with the Lender cease to be in debit; and

(c) remains effective security for further advances and re-advances until all the Mortage Money has been paid to the Lender and the Borrower has received a discharge of the Mortgage.

4. INTEREST

4.1 The Borrower promises and agrees that;

(a) Interest is chargeable on the Mortgage Money and is payable by the Borrower, both before and after Default and the Balance Due Date;

(b) Interest on advances or re-advances of the Principal Amount starts on the date and on the amount of each advance or re-advance, and accrues on the Principal Amount until the date the Borrower has paid or is deemed under the Mortgage to have paid, all the Mortgage Money;

(c) Interest accrues on, and is payable for, the actual dates of advances and payment or deemed payment;

(d) Interest payable on any part of the Principal Amount advanced before the Interest Adjustment Date is due and payable to the Lender on the Interest Adjustment Date;

(e) at the end of each Interest Calculation Period, unpaid accrued interest will be added to the Principal Amount and bear Interest; this is known as compound interest;

(f) a certificate of an officer of the Lender shall be conclusive evidence of Prime and of Interest from time to time;

(g) when Prime increases or decreases, then and so often as that may happen, the Interest payable under the Mortgage, if it is related to Prime, shall be increased or decreased accordingly.

5. PAYMENT OF THE MORTGAGE MONEY

5.1 The Borrower promises to pay the Mortgage Money to the Lender at the Place of Payment in accordance with the payment provisions set out in the Loan Agreement or the Mortgage, without abatement, set-off or counterclaim.

5.2 Payments received by the Lender after 1:00 p.m. or on a Saturday, Sunday or statutory holiday shall be deemed to be received on and shall not be applied to the Mortgage Money until the next day which is not a Saturday, Sunday or statutory holiday;

5.3 The Borrower shall supply to the Lender for the term of the Mortgage a pre-authorized account payment form acceptable to the Lender for the Loan Payments;

5.4 If a payment under the Mortgage is not paid, not honoured by the Borrower's financial institution or paid late, the Borrower shall pay the Lender a fee of $50.00 on each such occasion, in addition to any other remedies in the Mortgage.

6. PREPAYMENT OF THE MORTGAGE MONEY

6.1 The Borrower does not have the right to prepay all or any part of the Mortgage Money, unless such right is set forth in the Mortgage Form or in the Loan Agreement evidencing that part of the Principal Amount, and then only exactly as set forth in the Mortgage Form or in the Loan Agreement evidencing that part of the Principal Amount.

7. BORROWER'S PROMISES AND AGREEMENTS

7.1 The Borrower promises and agrees;

(a) to comply with all terms and conditions of any Permitted Encumbrances;

(b) to comply with all laws, bylaws and orders (federal, provincial, municipal or otherwise) that apply to the Land;

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(c) that no criminal activity of any kind will be conducted on the Land;

(d) that marijuana will not be culltivated or processed on the Land;

(e) to sign any other document that the Lender reasonably requires to ensure that payment of the Mortgage Money is secured by the Mortgage or by any other security the Borrower has agreed to give to the Lender;

(f) to keep all buildings and improvements which form part of the Land in good condition and to repair them as the Lender reasonably requires;

(g) not to tear down any building or improvement or part of a building or improvement which forms part of the Land or to do anything that has the effect of reducing the value of the Land;

(h) not to construct, alter or add to any buildings or improvements on the Land without the prior written consent of the Lender, and then only in accordance with all accepted construction standards, building codes, government requirements and plans and specifications approved in writing by the Lender;

(i) if the Borrower has rented the Land or any part of the Land to a tenant, to keep records of the Income and of all expenses paid by the Borrower in connection with the Land and, at least annually, have a statement of revenue and expenses for the Land prepared by a professional accountant and to immediately give a copy of the statement to the Lender, if the Lender requires the Borrower to do so;

(j) to pay, except where prohibited by law, all of the Lender's fees and costs, including Legal Costs, to:

  (i) inspect the Land;

  (ii) investigate title to the Land;

  (iii) prepare and register the Mortgage and other security, or renewals thereof, including all necessary steps to advance and secure the Mortgage Money and to report to the Lender;

  (iv) collect the Mortgage Money;

  (v) enforce the terms of the Mortgage, including efforts to compel the Borrower to perform the Borrower's Promises and Agreements;

  (vi) take and keep possession of the Land;

  (vii) protect, preserve and defend the Lender's interest in the Mortgage and the Land;

  (viii) remove, dispose of, or otherwise deal with personal property left on the Land;

  (ix) insure the Lender's interest in the Lands;

  (x) appraise the Lands;

  (xi) investigate the environmental state of the Lands;

  (xii) remediate any environmental contamination or potential contamination of the Lands, or to comply with any requirement in this regard of any government;

(xiii) prepare a discharge of the Mortgage when the Borrower has paid all money due under the Mortgage and the Borrower wants it to be discharged;

(xiv) prepare Mortgage Money statements for discharge or assumption purposes or otherwise;

(xv) prepare renewal, extension or assumption agreements or documents;

(xvi) receive and process requests for assumption, extension or renewal, restructuring, reinstatement or other amendment of the Mortgage, whether or not completed; or;

(xvii) effect an assumption or transfer of the Mortgage;

(xviii) do anything which the Borrower has promised to do but has not done;

(k) to pay any money which, if not paid, would result in a default under any Other Charges or which might result in a sale of the Land;

(l) to pay and cause to be discharged any Other Charges which are not Permitted Encumbrances;

(m) that the Borrower owns the Land and has the right to mortgage the Land to the Lender;

(n) that the Borrower's title to the Land is subject only to;

(i) those charges and encumbrances that are registered in the Land Title Office at the time the Borrower signed the Mortgage Form;

(ii) any unregistered charges and encumbrances that the Lender has agreed to in writing;

(o) that, subject to the immediately foregoing, the Borrower;

(i) has not granted any Other Charges;

(ii) has no knowledge of any other claims against the Land;

(p) that the Loan Agreement is part of the Mortgage and if any part of the Loan Agreement is inconsistent with any part of the Mortgage the Lender can determine, at its sole option, whether that part of the Loan Agreement or that part of the Mortgage prevails;

(q) all representations and warranties of the Borrower in the Mortgage and each Loan Agreement are true.

8. AGREEMENTS BETWEEN THE BORROWER AND THE LENDER

8.1 Any money paid to the Lender under the Mortgage shall;

(a) prior to a Default, be applied first in payment of any money other than the Principal Amount and Interest, second in payment of Interest, and third in payment of the Principal Amount; and

(b) after a Default, be applied to the Mortgage Money in any manner the Lender chooses;

8.2 The Lender may at any reasonable time inspect or have appraised the Land and any buildings and improvements which form part of it;

8.3 If the Lender takes possession of the Land the Lender will not be responsible for maintaining and preserving the Land and need only account to the Borrower for any money which the Lender actually receives in connection with the Land;

8.4 The Lender may, if it chooses, spend money to perform any of the Borrower's Promises and Agreements which the Borrower has not performed and any money so spent shall be added to the Principal Amount and be secured by the Mortgage, bear Interest from the date that the money was so spent, and be immediately due and payable to the Lender. The Lender can rely on any statement as to the amount of money required to be so spent, and the Borrower will not have any remedy against the Lender if any such statement is not correct;

8.5 If the Borrower wants to give any notice to the Lender, the Borrower must do so by having it delivered personally to a vice president of the Lender;

8.6 If the Lender wants to give any notice to the Borrower, the Lender may do so by having it delivered to or by sending it by mail to the last address of the Borrower or the Borrower's legal representative known to the Lender, or by sending it by facsimile transmission to the last known facsimile number of the Borrower or the Borrower's legal representative known to the Lender;

8.7 The Borrower is not released from the Borrower's Promises and Agreements only because the Borrower sells the Land;

8.8 The Borrower is not released from the Borrower's Promises and Agreements only because, after the Borrower sells the Land, any change is made to the terms and conditions of the Mortgage or any Loan Agreement (and, in that event, the Borrower agrees to be bound by any such change);

8.9 If the Borrower has mortgaged or charged anything else to the Lender to secure payment of the Mortgage Money, the Lender may take all lawful proceedings under any of the mortgages or charges in any order that the Lender chooses;

8.10 The Mortgage is in addition to and not in substitution for any other security held by the Lender for the Mortgage Money;

8.11 The Lender's right of consolidation applies to the Mortgage and to any other mortgages given by the Borrower to the Lender. This means that if the Borrower has mortgaged other property to the Lender the Borrower will not have the right, after a Default, to pay off the Mortgage or any other mortgage unless the Borrower pays the Lender all money owed by the Borrower under the Mortgage and all of the other mortgages;

8.12 The Borrower agrees that the Lender may securitize, assign or pledge the Mortgage, without the consent of the Borrower. The Borrower irrevocably agrees that the Lender can collect, use and disclose all personal information included in or relevant to the Mortgage (including credit and default information) with respect to the Borrower or any Covenantor in connection with such securitization, assignment or pledge, or with respect to collection or enforcement proceedings for the Mortgage;

8.13 The Lender does not have to advance or re-advance the Principal Amount or the rest or any further part of the Principal Amount to the Borrower even though;

(a) the Borrower has signed the Mortgage;

(b) the Mortgage is registered in the Land Title Office; or

(c) the Lender has advanced part of the Principal Amount;

8.14 The Lender may deduct from any advance of the Principal Amount;

(a) any Taxes that are due;

(b) any Interest that is due and payable to the date of the advance, and to the Interest Adjustment Date;

(c) all of the Lender's fees and costs, including Legal Costs, of and in connection with the preparation and registration of the Mortgage and other security, including other necessary steps to advance and secure the Mortgage Money and to report to the Lender;

(d) any insurance premium;

(e) any appraisal or inspection fees; or

(f) any other money owing to the Lender by the Borrower.

9. INSURANCE

9.1 The Borrower promises and agrees;

(a) to insure and keep insured against the risk of fire and other risks and losses that the Lender asks the Borrower to insure against, with an insurance company licensed to do business and acceptable to the Lender, all buildings and improvements on the Land to their full insurable value on a full replacement cost basis and to pay all insurance premiums when due;

(b) The insurance policy or policies required by the Mortgage Terms shall contain a standard mortgage clause and earthquake coverage approved by the Lender and shall state that payment of any loss shall be made to the Lender at the Place of Payment and, if the Mortgage is not a first mortgage, the amount of any payment made by the insurance company shall be paid to the Borrower's lenders in the order of their priorities;

(c) The Borrower gives up any statutory right to require the insurance proceeds to be applied in any particular manner;

(d) to send a true copy of each insurance policy and renewal certificate to the Lender at the Place of Payment;

(e) If the Mortgage is in default , the Borrower shall pay the Lender $75.00 for each month during which default continues, as compensation for the Lender's costs of insuring its interest in the Lands;

(f) that if the Lender insures its interest in the Lands, the Lender is under no obligation to otherwise insure the Lands.

10. TAXES

10.1 The Borrower promises and agrees;

(a) to pay all Taxes when they are due and to immediately send to the Lender at the Place of Payment all notices of Taxes which the Borrower receives and proof of payment of all Taxes once they are paid;

(b) to apply for all government grants, assistance and rebates in respect of Taxes.

11. DEFAULT

11.1 Default occurs under the Mortgage if;

(a) the Borrower breaks any of the Borrower's Promises and Agreements;

(b) the Covenantor breaks any of the Covenantor's Promises and Agreements;

(c) the Borrower breaks any promise or agreement which the Borrower has made to the Lender in a mortgage of any other land or other property or in any other agreement the Borrower has made with the Lender;

(d) the Covenantor breaks any promise or agreement which the Covenantor has made to the Lender in a mortgage of any other land or other property or in any other agreement the Covenantor has made with the Lender;

(e) the Borrower or the Covenantor breaks any of their promises and agreements in a Loan Agreement;

(f) any of the representations of the Borrower or the Covenantor in the Mortgage or in a Loan Agreement are false;

(g) the Borrower or the Covenantor breaks any of their promises and agreements in any Other Charges;

(h) the Borrower or the Covenantor becomes bankrupt or insolvent;

(i) the Land is abandoned or is left unoccupied for thirty or more consecutive days, or construction of any building or improvement on the Land ceases for thirty or more consecutive days, without the prior written consent of the Lender;

(j) the Land or any part of it is expropriated;

(k) the Borrower sells or agrees to sell all or any part of the Land, or the Borrower leases all or any part of the Land, or the Borrower grants an option to purchase or a right of first refusal for all or any part of the Land, without the prior written consent of the Lender;

(l) the Borrower gives another mortgage or charge of the Land or the Income to someone other than the Lender without the prior written consent of the Lender;

(m) the Borrower does not discharge any judgment or similar charge registered in the Land Title Office against the Land within thirty days after its registration; or

(n) the Borrower allows any claim of builders lien or similar charge to remain registered in the

Land Title Office against the Land for more than thirty days after its registration, unless the Borrower;

(i) diligently disputes the validity of the claim by taking all necessary legal steps to do so;

(ii) gives the Lender security acceptable to it, to pay the claim in full if it is found to be valid; and

(iii) authorizes the Lender to use, if it chooses, the security to pay the lien in full;

(o) there is default under the Lease; or

(p) a Receiver is appointed;

11.2 If a Default occurs under the Mortgage, it will have the same effect as though a Default had occurred under any other mortgage or agreement between the Borrower and the Lender or the Covenantor and the Lender.

12. CONSEQUENCES OF A DEFAULT

12.1 If a Default occurs, all or any part of the Mortgage Money then owing to the Lender will, if the Lender chooses, at once become due and payable;

12.2 If a Default occurs, the Borrower waives any rights of reinstatement, whether by statute or otherwise;

12.3 If a Default occurs and involves the failure of the Borrower or the Covenantor to pay any money required to be paid by either of them under the Mortgage, the Lender may, if it chooses, make that payment and add it to the Principal Amount, without in any way waiving or excusing that Default;

12.4 If a Default occurs the Lender may, in any order that the Lender chooses, do any one or more of the following;

(a) demand payment of all or any part of the Mortgage Money;

(b) sue the Borrower for the amount of money due;

(c) sue the Covenantor for the amount of money due;

(d) take proceedings and any other legal steps to compel the Borrower to keep the Borrower's Promises and Agreements;

(e) take proceedings and any other legal steps to compel the Covenantor to keep the Covenantor's Promises and Agreements;

(f) sell the Land;

(g) apply to the Court for an Order that the Land be sold;

(h) apply to the Court to foreclose the Borrower's interest in the Land so that when the Court makes its final order of foreclosure the Borrower's interest in the Land will be absolutely vested in and belong to the Lender;

(i) appoint a Receiver;

(j) without becoming a mortgagee in possession, enter on the Land without the permission of anyone and make any arrangements the Lender considers necessary to;

(i) inspect, lease, collect rents or manage the Land;

(ii) complete the construction of any building or improvement on the Land; or

(iii) repair any building or improvement on the Land;

(k) take, recover and keep possession of the Land;

(l) insure the Lender's interest in the Lands (whether or not the Lands are partially or fully Insured);

12.5 If the Lender sells the Land, the following terms and conditions shall apply to such a sale:

(a) notice shall be given to the Borrower and any other persons in such manner and form and within such time as provided by statute or regulation in the Province where the Land is located. Unless otherwise required, the Borrower agrees that notice may be given by having it delivered to or by sending it by mail to the last address of the Borrower or the Borrower's legal representative known to the Lender, or by sending it by facsimile transmission to the last known facsimile number of the Borrower or the Borrower's legal representative known to the Lender;

(b) the sale may be conducted immediately upon expiration of any period required by law or at any time thereafter, and the Lender may delay the sale for such period of time as it chooses;

(c) The Lender may sell the whole or any part or parts of the Land by public auction, private contract, or partly one or partly the other;

(d) the Lender may sell on such terms as to credit and otherwise as the Lender chooses and for such prices as can reasonably be obtained, and may make any stipulations as to title or other matter which the Lender chooses;

(e) in the case of a sale on credit the Lender will be bound to pay the Borrower or any other person with a claim thereto or apply on account of the Principal Amount only such monies as have actually been received from the purchaser from time to time;

(f) after the satisfaction of the Mortgage Money, the Lender is not bound to pay any remaining monies to the Borrower or any other person claiming entitlement thereto until all such agreements and assurances required by the Lender have been executed and delivered;

(g) the Lender may buy in or rescind or vary any contract for the sale of the whole or any part of the Land, and resell without being responsible for any resulting loss;

(h) any person, including the Lender or any employee, agent or representative of the Lender, may bid on, tender for or purchase the Land at the sale;

(i) any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper. No want of any required notice or publication shall invalidate any sale or lease under this

Mortgage and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the power of sale shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given; any person prejudiced by an unauthorized, improper or irregular exercise of the power shall have his or her remedy against the person exercising the power in damages only;

(j) all provisions of the Mortgage relating to a sale of the Land following default, including, without limitation, the persons to whom notice of exercising the power of sale must be given and the manner of giving such notice, will be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising any power of sale or other sale remedy; wherever any such requirement may be waived or shortened, such requirement is hereby waived and shortened.

12.6 If the Lender obtains judgment against the Borrower as a result of a Default, the remedies in the Mortgage may continue to be used by the Lender to compel the Borrower to perform the Borrower's Promises and Agreements, and the judgment will not result in the merger of any of the Borrower's Promises and Agreements;

12.7 If the Lender obtains judgment against the Covenantor as a result of a Default, the remedies in the Mortgage may continue to be used by the Lender to compel the Covenantor to perform the Covenantor's Promises and Agreements;

12.8 The Lender will continue to be entitled to receive Interest on the Mortgage Money until all judgments are paid in full;

12.9 If the Lender does not exercise any of the Lender's rights on the happening of a Default or does not ask the Borrower or the Covenantor to cure it, the Lender is not prevented from later compelling the Borrower or the Covenantor to cure that Default or exercising any of those rights in connection with that Default or any later Default of the same or any other kind;

12.10 Any personal property which remains on the Land after;

(a) the Lender takes possession of the Land;

(b) a Receiver takes possession of the Land; or

(c) the Land is sold;

will be deemed to be abandoned. The Lender or a Receiver can remove, store, dispose of, or otherwise deal with such personal property as the Lender or a Receiver chooses, and in so doing the Lender or a Receiver shall not be or be deemed to be a bailee or liable in any way to the Borrower or any other person.

13. RECEIVER

13.1 The Borrower appoints both the Lender and any agent of the Lender as the Borrower's attorney to appoint a Receiver;

13.2 The Lender or the Lender's agent may, if any Default happens, appoint a Receiver and the Receiver;

(a) will be the Borrower's agent and the Borrower will be solely responsible for the Receiver's acts or omissions;

(b) has power, either in the Borrower's name or in the name of the Lender, to demand, recover and receive the Income and start and carry on any action or Court proceeding to collect the Income;

(c) may give receipts for the Income which the Receiver receives;

(d) may lease or sublease the Land or any part of it on terms and conditions that the Receiver chooses;

(e) may complete the construction of or repair any building or improvement on the Land;

(f) may take possession of all or part of the Land;

(g) may manage the Land and maintain it in good condition;

(h) has the power to perform, in whole or in part, the Borrower's Promises and Agreements;

(i) has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Land or will increase or preserve the value or income potential of the Land;

(j) has the power to sell the Land, and the provisions of section 11.5 with respect to a sale by the Lender will, to the extent applicable, apply to any sale by the Receiver;

13.3 From the Income received the Receiver may do any of the following in any order the Receiver chooses;

(a) retain a commission or fees and disbursements;

(b) pay all costs, including Legal Costs, in connection with the receivership or to collect the Income;

(c) pay all Taxes and the cost of maintaining and preserving the Land, completing the construction of any building or improvement on the Land, supplying goods, utilities and services to the Land and taking steps to preserve the Land from damage by weather, vandalism or any other cause;

(d) pay insurance premiums;

(e) pay any money that might, if not paid, result in a default under any Other Charges or that might result in the sale of the Land if not paid;

(f) pay Taxes in connection with anything the Receiver is entitled to do under the Mortgage;

(g) pay Interest to the Lender that is due and payable;

(h) pay all or part of the Principal Amount to the Lender whether or not it is due and payable;

(i) pay any other money owed by the Borrower under the Mortgage;

13.4 The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do;

13.5 A Receiver may be removed by the Lender and the Lender may appoint another in the Receiver's place;

13.6 The costs, fees, disbursements and borrowings of the Receiver, including interest thereon and Legal Costs, may be paid by the Lender and be added to the Mortgage Money;

13.7 Nothing done by the Receiver under this section will make the Lender a mortgagee in possession.

14. ASSIGNMENT OF RENTS

14.1 The Lender will not exercise its rights in this section unless a Default occurs;

14.2 The Borrower assigns to the Lender all Rental Agreements and all rights and benefits under the Rental Agreements and all the Income;

14.3 The Lender will not be responsible for the collection of the Income or any part of the Income or for the performance of any of the terms or conditions of the Rental Agreements;

14.4 The Lender need only account for whatever money the Lender actually receives by virtue of the Assignment of Rents less whatever costs, including Legal Costs, the Lender may incur, and such money when received by the Lender shall be applied on account of the Mortgage Money;

14.5 The Borrower and the Lender acknowledge that the Assignment of Rents is an additional and collateral security for the Mortgage and not in substitution for or in satisfaction of it, and that the Mortgage will not be merged with the Assignment of Rents, and in case of a Default the Lender may at its option take proceedings under either the Mortgage or the Assignment of Rents or both;

14.6 The Borrower will not accept prepayment of the Income due or becoming due and will only accept payment in due course;

14.7 The Income received by the Borrower will, unless otherwise permitted in writing by the Lender, be held by the Borrower in trust for the Lender and will be paid to the Lender on demand;

14.8 Nothing done by the Lender under this section will make the Lender a mortgagee in possession.

15. ASSIGNMENT OF PROCEEDS

15.1 The Borrower assigns to the Lender all proceeds received or receivable by, or paid or payable to, the Borrower;

- (a) pursuant to any claim or action that the Borrower may have against any contractor, subcontractor, architect, supplier, materialman, designer, installer, manufacturer of equipment or any similar parties;
- (b) pursuant to any insurance held by any of the immediately preceding parties;
- (c) pursuant to any insurance for any public liability or property damage claim the Borrower may have against any parties;
- (d) pursuant to any sale or disposition of the Land or the Borrower;

15.2 The Borrower shall hold any of the proceeds set forth above and received by it as trustee for the Lender.

16. SUBDIVISION

16.1 This section applies if the Land is subdivided;

16.2 The Mortgage will charge each subdivided lot as security for payment of all the Mortgage Money;

16.3 The Lender is not required to partially discharge the Mortgage as a charge on any of the subdivided lots, unless all the Mortgage Money is paid;

16.4 Even though the Lender is not required to discharge any subdivided lot from the Mortgage, the Lender may agree to do so in return for payment of all or part of the Mortgage Money. If the Lender discharges a subdivided lot, the Mortgage will continue to charge the subdivided lot or lots that have not been discharged.

17. CONSTRUCTION MORTGAGE

17.1 This section applies if the Mortgage is intended to finance any construction, alteration or addition on or to the Land;

17.2 The Borrower promises and agrees that;

(a) the Lender may make advances of the Principal Amount to the Borrower based on the progress of construction; the Lender will decide whether or not any advances will be made, the amount of the advances, and when they will be made;

(b) the Lender can charge a fee, for each advance made;

(c) the Lender can erect one or two signs of reasonable prominence on the Land, indicating that the Lender has provided the Mortgage Money;

(d) All plans, specifications, materials and workmanship shall be subject to the approval of the Lender;

(e) the Lender may inspect the Land and construction thereon at any time;

(f) the Lender is a lender only and is not involved in any way with construction, and the Borrower indemnifies the Lender from and against any claims which may be made against the Lender arising from or in any way connected with this section;

18. LEASEHOLD MORTGAGE

18.1 This section applies if the Land is or includes a leasehold interest;

18.2 The Borrower promises and agrees that;

(a) the Lease is owned by the Borrower subject only to those charges that are registered against the Land in the Land Title Office at the time the Borrower signs the Mortgage Form;

(b) the Lease is in good standing;

(c) the Borrower has complied with all the Borrower's promises and agreements in the Lease;

(d) the Borrower has paid all rent that is due and payable under the Lease;

(e) the Lease is not in default;

(f) the Borrower has the right to mortgage the Lease to the Lender;

(g) the Borrower will comply with the Lease and not do anything that would cause the Lease to be terminated;

(h) the Borrower will immediately give to the Lender a copy of any notice or request received from the landlord;

(i) the Borrower will immediately notify the Lender if the landlord advises the Borrower of the landlord's intention to terminate the Lease before the term expires;

(j) the Borrower will sign any other document the Lender requires to ensure that any greater interest in the Land that is acquired by the Borrower is charged by the Mortgage;

(k) the Borrower will not, without first obtaining the written consent of the Lender, surrender or terminate or change the terms of the Lease;

(l) the Borrower will renew the Lease or extend the term of the Lease as necessary to protect the interests of the Lender, and the Mortgage will extend to any such renewal or extension;

18.3 The Lender may perform any promises or agreements of the Borrower under the Lease;

18.4 Nothing done by the Lender under this section will make the Lender a mortgagee in possession.

19. STRATA LOT MORTGAGE

19.1 This section applies if the Land is or becomes a strata lot;

19.2 The Borrower will fulfill all of the Borrower's obligations as a Strata Lot owner under all applicable statutes, regulations, bylaws, rules and regulations of the Strata Corporation, and will pay all money owed by the Borrower to the Strata Corporation;

19.3 The Borrower assigns to the Lender the right to vote for the Borrower under the bylaws of the Strata Corporation but the Lender is not required to do so or to attend or vote at any meeting or to protect the Borrower's interest;

19.4 At the request of the Lender, the Borrower will give the Lender copies of all notices, financial statements and other documents given by the Strata Corporation to the Borrower;

19.5 The Borrower appoints the Lender to be the Borrower's agent to inspect or obtain copies of any records or other documents of the Strata Corporation that the Borrower is entitled to inspect or obtain;

19.6 The Lender may pay all money owed by the Borrower to the Strata Corporation, and add that amount to the Mortgage Money;

19.7 Nothing done by the Lender under this section will make the Lender a mortgagee in possession.

20. ENVIRONMENTAL MATTERS

20.1 The Borrower promises and agrees that, to the best of the Borrower's knowledge, no condition exists with respect to the storage or discharge into the earth or its atmosphere of effluents, waste or other materials, solid, liquid or gaseous of the Borrower, nor has any waste been disposed of in any way or manner which would cause the Borrower to be liable for fines or penalties under any applicable laws or rules or to incur expenses of any sort to correct any such condition. The Borrower has not received any notice, nor to the best of the Borrower's knowledge is any such notice pending, from any governmental body claiming any material violation of any environmental, zoning, building, health or safety law or ordinance requiring any work, repairs, construction, alterations, noise reduction, clean-up or installation which has not been complied with by the Borrower.

20.2 The Borrower promises and agrees to immediately remediate any environmental contamination or potential contamination of the Land, and to comply with any requirement in this regard of any government.

21. COVENANTOR'S PROMISES AND AGREEMENTS

21.1 In consideration for the Lender agreeing to lend all or part of the Principal Amount to the Borrower and advancing all or part of the Principal Amount to the Borrower, and for other good and valuable consideration, the Covenantor promises and agrees;

(a) to pay all the Mortgage Money when due; and

(b) to keep and perform all the Borrower's Promises and Agreements;

21.2 The Covenantor agrees that, with or without notice, the following shall in no way affect any of the Covenantor's Promises and Agreements or the liability of the Covenantor to the Lender;

(a) a discharge of the Land or any part of the Land from the Mortgage;

(b) any disregard or waiver of a Default;

(c) any modification of the Mortgage or a Loan Agreement, including a renewal of the Mortgage or a Loan Agreement, or a change in the Interest Rate;

(d) the giving of extra time to the Borrower to;

  (i) do something that the Borrower has agreed to do, including paying any of the Mortgage Money; or

  (ii) cure a Default;

(e) any other dealing between the Borrower and the Lender that concerns the Mortgage, or a Loan Agreement, or the Land;

(f) the bankruptcy, insolvency, dissolution, death or incapacity of the Borrower; or

(g) the sale of the Land;

21.3 The Covenantor agrees to be bound by any modification of the Mortgage and any Loan Agreement, or similar agreement made between the Lender and the Borrower;

21.4 All the Covenantor's Promises and Agreements shall be binding on the Covenantor until all the Mortgage Money is fully paid to the Lender;

21.5 The Covenantor promises and agrees that the Lender may, at its sole option, enforce the Covenantor's Promises and Agreements, the Borrower's Promises and Agreements or any other security in the Mortgage in any order or combination the Lender may choose;

21.6 The Covenantor is a primary debtor to the same extent as if the Covenantor has signed the Mortgage and all the Loan Agreements as a Borrower, and is not merely a guarantor or a surety. The Covenantor's Promises and Agreements are joint and several with the Borrower's Promises and Agreements. This means that the Covenantor and the Borrower are both liable to perform all the Borrower's Promises and Agreements;

21.7 If more than one person signs the Mortgage Form as Covenantor, the promises and agreements of the Covenantor are both joint and several.

22. CORPORATE BORROWER OR COVENANTOR

22.1 The Company will first obtain the Lender's prior written approval of any change in its control or ownership by;

(a) the transfer of any shares or voting rights by its members;

(b) the issuance or allotment of its shares to any person not a shareholder on the date of execution of the Mortgage;

(c) the appointment or election of directors other than those holding office on the date of execution of the Mortgage; or

(d) reorganization or amalgamation;

22.2 The Company promises and agrees that;

(a) it is and shall during the term of the Mortgage be validly existing and in good standing under the laws of the jurisdiction of its incorporation and legally qualified to carry on business in the jurisdiction(s) in which it carries on business and in which the Land is situate;

(b) it has all powers and authorizations necessary to enable it to execute the Mortgage;

(c) it has duly executed and delivered the Mortgage, so that the Mortgage is in full force and effect and constitutes a legal, valid and binding obligation of the Company;

(d) it has all such powers and authorizations necessary to enable it to own and operate or develop the Land or enable it to execute and deliver the Covenant;

(e) there are no outstanding unpaid judgments or claims against the Company and no actions, suits or proceedings pending or threatened against or affecting the Company or the Land which would result in a material adverse change on its financial position or business affairs or its ability to meet its obligations under the Mortgage.

23. GENERAL

23.1 Each Borrower is jointly and severally liable for all of the Borrower's Promises and Agreements as though each such Borrower had been the only Borrower to sign;

23.2 Each Covenantor is jointly and severally liable for all of the Covenantor's Promises and Agreements as though each such Covenantor had been the only Covenantor to sign;

23.3 If any part of the Mortgage is not enforceable all other parts will remain in effect and be enforceable;

23.4 In the Mortgage the singular includes the plural and the masculine includes the feminine and body corporate and vice versa, where the context requires;

23.5 The headings in the Mortgage Terms are inserted for convenience only and in no way affect the meaning or interpretation of the Mortgage;

23.6 Any addition to or modification, amendment, or variation of the Mortgage to be effective must be in writing and signed by a representative of the Lender;

23.7 The Mortgage shall be interpreted and enforced in accordance with the laws of the Province in which the Land is situate. For all purposes relating to the Mortgage, the Borrower and the Covenantor submit and attorn to the jurisdiction of all Courts in Canada;

23.8 The Borrower and the Covenantor promise and agree to execute such further documents as may be required in the sole discretion of the Lender to give effect to the Mortgage;

23.9 The Borrower and the Covenantor acknowledge, promise and agree that the Mortgage shall be deemed to be executed by all parties under seal and that the Mortgage is to take effect as a deed.

DATED the 29th day of March, 2006.

CITIZENS BANK OF CANADA
by its solicitors
Gowling Lafleur Henderson LLP
Per:

Harry R. VanderLugt

FILED: , 2006

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200615 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200616 Cote
Filing Date April 25 2006 Date de Dépôt
Page 1 of/de 24 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS
Filing Number:
Filing Date:

Filed by:
UNITED COMMUNITIES CREDIT UNION LIMITED

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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1. DEFINITIONS

(a) General Definitions

The following terms shall have the following meanings irrespective of whether the Charge is an ERS Charge or a Form 2 Charge:

(i) "Charge" means a Form 2 Charge or ERS Charge in which this set of standard charge terms is deemed to be included pursuant to the Land Registration Reform Act and includes any schedules attached to it, any additional provisions contained in it, any renewals or extensions thereof, amendments thereto, and includes this set of standard charge terms;

(ii) "Charge Rate" has the meaning given to it in section 4 of these standard charge terms, as applicable;

(iii) "Charged Premises" means the lands and premises described in the Charge, including all improvements thereto and all fixtures forming a part thereof;

(iv) "CMHC" means Canada Mortgage and Housing Corporation and any successor or any similar corporation that insures mortgages;

(v) "Condominium Act" means the *Condominium Act*, R.S.O. 1990, c.C.26, as amended or replaced from time to time;

(vi) "Condominium Corporation" means the condominium corporation created by the registration pursuant to the Condominium Act of a Declaration in which any portion of the lands described in the Declaration are the Charged Premises;

(vii) "Declaration" means the declaration which, together with a description, was registered pursuant to the Condominium Act thereby creating the Condominium Corporation, as same may be amended from time to time;

(viii) "Deferred Interest" means the amount by which the interest that has accrued on the aggregate of the portion of the Principal Amount then outstanding from one payment date under the Charge to the next payment date under the Charge exceeds the Payment Amount (or such other amount agreed to by the Chargor and the Chargee, in writing as the amount to be paid on a payment date) and thus remains unpaid;

(ix) "Double Payment Option" means the prepayment privilege described in paragraph 9(b) of these standard charge terms;

(x) "ERS Charge" means a charge in an electronic format registered electronically pursuant to the provisions of Part III of the Land Registration Reform Act and the regulations made pursuant thereto;

(xi) "Form 2 Charge" means a Charge/Mortgage of Land registered using a paper based system of registration pursuant to the provisions of Part I of the Land Registration Reform Act and the regulations made pursuant thereto;

(xii) "Land Registration Reform Act" means the *Land Registration Reform Act*, R.S.O. 1990, c.L.4, as amended or replaced from time to time;

(xiii) "Lease" has the meaning given to it in section 13 of these standard charge terms;

(xiv) "Loan to Value Ratio" means the ratio of the Principal Amount to the lesser of: (i) the purchase price paid by the Chargor to acquire the Charged Premises; or (ii) the value of the Charged Premises on the date the Charge takes effect. The value of the Charged Premises shall be determined by the Chargee in its sole discretion;

(xv) "NHA" means the *National Housing Act*, R.S.C. 1985, c.N-11, as amended or replaced from time to time;

(xvi) "Prime Rate" means the variable rate of interest per year declared by the Chargee from time to time to be its prime rate for Canadian dollar loans made by the Chargee in Canada;

(xvii) "Renting" means the renting, leasing, entering into of a tenancy agreement with, or allowing occupancy by a Tenant of the whole or any part of the Charged Premises;

(xviii) "Reversion" has the meaning given to it in paragraph 13(b) of these standard charge terms;

(xix) "taxes" means all municipal taxes, school taxes, occupancy taxes and local improvement rates chargeable against the Charged Premises;

(xx) "Tenant" has the meaning set out in Section 1 of the *Tenant Protection Act, 1997*, SO. 1997, c. 24, as amended (the "Tenant Protection Act"); and

(xxi) "term" means the period of time from the Interest Adjustment Date to the agreed upon maturity date of the Charge.

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(b) Form 2 Charge Definitions

If the Charge is a Form 2 Charge, the following terms shall have the following meanings:

(i) "Balance Due Date" means the date indicated in Box 9(i);

(ii) "Box" means a box contained in the Form 2 Charge in which the names of parties to and the terms of the Form 2 Charge may he indicated;

(iii) "Chargee(s)" means the party referenced in Box 14;

(iv) "Chargor(s)" means each and every party referenced in Box 11;

(v) "Covenantor" has the meaning given to it in section 38 of these standard charge terms;

(vi) "First Payment Date" means the date indicated in Box 9(f) or as agreed to in writing between the Chargor and Chargee;

(vii) "Fixed Rate Mortgage" has the meaning given to it in section 4 of these standard charge terms;

(viii) "Interest Adjustment Date" means the date indicated in Box 9(d) or as agreed to in writing between the Chargor and Chargee;

(ix) "Last Payment Date" means the date indicated in Box 9(g) or as agreed to in writing between the Chargor and Chargee;

(x) "Maximum Charge Rate" means the percentage per annum indicated in Box 10 or as agreed to in writing between the Chargor and Chargee, which percentage is stated to be the Maximum Charge Rate for a Rate Cap Mortgage;

(xi) "Payment Amount" means the dollar amount of money indicated in Box 9(h) or as agreed to in writing between the Chargor and Chargee;

(xii) "Principal Amount" means the dollar amount of money indicated in Box 4;

(xiii) "Rate" means the interest rate expressed in words and/or numbers in Box 9(b) or as agreed to in writing between the Chargor and Chargee;

(xiv) "Rate Cap Mortgage" has the meaning given to it in section 4 of these standard charge terms; and

(xv) "Variable Rate Mortgage" has the meaning given to it in section 4 of these standard charge terms.

(c) ERS Charge Definitions

If the Charge is an ERS Charge, the following terms shall have the following meanings:

(i) "Balance Due Date" means the date indicated in the Computer Field entitled "Balance Due Date" or as agreed to in writing between the Chargor and Chargee;

(ii) "Chargee(s)" means the party indicated in the Computer Field entitled "Chargee";

(iii) "Chargor(s)" means each and every party indicated in the Computer Field entitled "Chargors";

(iv) "Computer Field" means a computer data entry field in an ERS Charge into which the names of the parties to and the terms of an ERS Charge may be indicated;

(v) "First Payment Date" means the date indicated in the Computer Field entitled "First Payment Date" or as agreed to in writing between the Chargor and Chargee;

(vi) "Fixed Rate Mortgage" has the meaning given to it in section 4 of these standard charge terms;

(vii) "Interest Adjustment Date" means the date indicated in the Computer Field entitled "Interest Adjustment Date" or as agreed to in writing between the Chargor and Chargee;

(viii) "Last Payment Date" means the date indicated in the Computer Field entitled "Last Payment Date" or as agreed to in writing between the Chargor and Chargee;

(ix) "Maximum Charge Rate" means the percentage per annum indicated in the Computer Field entitled "Additional Provisions" or as agreed to in writing between the Chargor and Chargee, which percentage is stated to be the Maximum Charge Rate for a Rate Cap Mortgage;

(x) "Payment Amount" means the dollar amount of money indicated in the Computer Field entitled "Payment" or as agreed to in writing between the Chargor and Chargee;

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(xi) "Principal Amount" means the dollar amount of money indicated in the Computer Field entitled "Principal";

(xii) "Rate" means the interest rate expressed in words and/or numbers indicated in the Computer Field entitled "Rate" or as agreed to in writing between the Chargor and Chargee;

(xiii) "Rate Cap Mortgage" has the meaning given to it in section 4 of these standard charge terms; and

(xiv) "Variable Rate Mortgage" has the meaning given to it in section 4 of these standard charge terms.

2. FREEHOLD CHARGE

If the Chargor named in the Charge has a fee simple interest in the Charged Premises the following paragraph applies to the Charge:

The Chargor named in the Charge of which this set of standard charge terms forms a part by reference to its filing number in such Charge charges the Charged Premises with the payment to the Chargee of the principal and interest and other monies secured by the Charge upon the terms as set out in the Charge.

3. COLLATERAL SECURITY

The Chargor has, at the request of the Chargee, agreed to give this Charge as a continuing collateral security for the payment and satisfaction to the Chargee of all obligations, debts and liabilities, past, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed at any time owing by the Chargor to the Chargee or remaining unpaid by the Chargor to the Chargee heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Chargee and the Chargor or from any agreement or dealings with any third party by which the Chargee may be or become in any manner whatsoever a creditor of the Chargor or however otherwise incurred or arising anywhere within or outside Canada and whether the Chargor be bound alone or with another or others and whether as principal or surety for any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again (such obligations, debts and liabilities being hereinafter called the "liabilities") but it being agreed that this Charge at any one time will secure only that portion of the Principal Amount of the liabilities outstanding at such time which does not exceed the sum either set forth in Box 4 of a Form 2 Charge or set out in the Computer Field entitled Principal in an ERS Charge, together with any interest or compound interest accrued on the Principal Amount at such time at the Charge Rate, plus such costs and expenses to which the Chargee is entitled pursuant to the Charge. Upon repayment to the Chargee of the Principal Amount in whole or part, the Chargor may from time to time, at the Chargees sole option, borrow additional amounts which shall then form part of the Principal Amount hereunder. This Charge will remain as security for all principal, interest and other amounts owing by the Chargor to the Chargee whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, in whole or in part, it being agreed that this Charge at any one time will secure the Principal Amount, together with any interest or compound interest accrued on such amount at the Charge Rate and together with all costs of collection.

4. CHARGE RATE

Notwithstanding the fixed rate of interest set forth in the Charge, if the Chargor and the Chargee have agreed in writing that a lower rate of interest is applicable to the Principal Amount, then such lower rate of interest shall apply. The Chargor and the Chargee may also agree in writing that the Charge is either a Fixed Rate Mortgage, a Variable Rate Mortgage or a Rate Cap Mortgage and, if so agreed, the following terms shall apply:

(a) Fixed Rate Mortgage

If the Charge is a Fixed Rate Mortgage, the rate of interest chargeable upon the Principal Amount and all other amounts payable under the Charge shall be: (i) if the Charge is an ERS Charge, the percentage per annum indicated in the Computer Field entitled "Rate"; or (ii) if the Charge is a Form 2 Charge, the percentage per annum indicated in Box 9 (b); or (iii) such rate as agreed to in writing between the Chargor and Chargee (such rate of interest being hereinafter referred to as the "Charge Rate") calculated half-yearly not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

(b) Variable Rate Mortgage and Rate Cap Mortgage

If the Charge is a Variable Rate Mortgage or a Rate Cap Mortgage, the rate of interest chargeable upon the Principal Amount and all other amounts payable under the Charge shall be the rate specified in the Charge as follows:

(i) if the Charge is an ERS Charge, the Prime Rate per annum, as the same will vary from time to time, as indicated in the Computer Field entitled "Rate" plus or minus the number of percentage points per annum, if any, indicated in the Computer Field entitled "Rate"; or

(ii) if the Charge is a Form 2 Charge, the Prime Rate per annum, as the same will vary from time to time, as indicated in Box 9(b) plus or minus the number of percentage points, per annum, if any, indicated in Box 9(b); or

(iii) the percentage per annum agreed to in writing between the Chargor and the Chargee;

such rate of interest being hereinafter referred to as the "Charge Rate", payable monthly and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

If the Charge is a Variable Rate Mortgage or a Rate Cap Mortgage, the Charge Rate will vary automatically, without notice to the Chargor, each time there is a change in the Prime Rate. The Charge Rate will always be the Prime Rate plus or minus the number of percentage points per annum, if any, indicated in the Computer Field entitled Rate of an ERS Charge, in Box 9(b) of a Form 2 Charge or as agreed to in writing between the Chargor and Chargee, as applicable, payable monthly and calculated monthly not in advance. If the Charge is a Rate Cap Mortgage, the Charge Rate shall not exceed the Maximum Charge Rate payable monthly and calculated monthly, not in advance.

The Charge Rate calculated monthly not in advance is equivalent to the rate of interest calculated half-yearly not in advance shown in the equivalent rate table found in Section 10 of these standard charge terms. The Chargor may determine the equivalent rate by locating the Charge Rate in the column entitled "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)". The half-yearly equivalent for the Maximum Charge Rate can be determined in the same way.

In the event that it may be necessary at any time for the Chargee to prove the Prime Rate applicable as at any time or times, it is agreed that the certificate in writing of the Chargee setting forth the Prime Rate as at any time or times shall be deemed to be conclusive evidence as to the Prime Rate as set forth in the certificate.

(c) NHA Variable Rate Mortgages and Rate Cap Mortgages

If the Charge is a Variable Rate Mortgage or a Rate Cap Mortgage and is an insured mortgage subject to the provisions of the NHA, the Principal Amount of the Charge cannot exceed the lesser of:

(i) 90% (or 95% if insured under the "95% Insurance Program" of CMHC or any related or successor program) of the lesser of the appraised value or purchase price of the Charged Premises, plus the CMHC insurance premium; or

(ii) 105% of the original Principal Amount of the Charge including the CMHC insurance premium.

(hereinafter the "Designated Amount")

If the Principal Amount exceeds the Designated Amount, the Chargor agrees that the Chargee may take one of the following actions:

(i) increase the amount of each regular instalment under the Charge in order to amortize the Principal Amount outstanding under the Charge over the remaining amortization period;

(ii) reduce the Principal Amount outstanding under the Charge by requiring the Chargor to make a lump sum payment sufficient to reduce the Principal Amount below the Designated Amount; or

(iii) convert the Charge to a Fixed Rate Mortgage having equal monthly payments.

5. DEFEASANCE

(a) The provisions relating to defeasance contained in subsection 6(2) of the Land Registration Reform Act shall be and are hereby expressly excluded from the terms of the Charge.

(b) Provided the Charge shall be void upon the Chargor paying on demand to the Chargee all of the liabilities including, without limitation, the Principal Amount with interest thereon at the Charge Rate per annum, calculated and payable monthly or half-yearly, as the case may be, as well after as before maturity, default and judgment, with interest on overdue interest at the Charge Rate as on the Principal Amount and all other amounts payable by the Chargor under the Charge and paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions contained in the Charge.

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6. TAXES

It is mutually agreed between the parties to the Charge that:

(a) The Chargee may deduct from any advance of monies to the Chargor an amount sufficient to pay the taxes which have become or will become due and payable at the date of such advance and are unpaid at the date of such advance.

(b) The Chargor shall pay to the Chargee in monthly installments on the dates on which installments of principal and interest are payable under the Charge, sums sufficient to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in installments, on or before the due date for payment of the first installment of taxes.

(c) Where the period between the date of the advance and the end of the calendar year is less than one year, the Chargor shall pay to the Chargee in equal monthly installments, during such period and during the next succeeding 12 month period, an amount estimated by the Chargee to be sufficient to pay, on or before the expiration of the said 12 month period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said 12 month period expires; and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the actual taxes exceed such estimated amount.

(d) Except as provided in the last preceding clause, the Chargor shall, in each and every month, pay to the Chargee one-twelfth of the amount (as estimated by the Chargee) of the taxes next becoming due and payable, and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the said actual taxes exceed such estimated amount.

(e) The Chargee shall allow the Chargor interest on the average monthly balances standing in the Charge account from time to time to the credit of the Chargor for payment of taxes at a rate per annum, and at such times, as the Chargee may determine in its sole discretion; and the Chargor shall be charged interest at the Charge Rate, on the debit balance, if any, in the Charge account outstanding after payment of taxes by the Chargee, until such debit balance is fully repaid.

The Chargee agrees to apply the foregoing deductions and payments to the taxes chargeable against the Charged Premises so long as the Chargor is not in default under any covenant, proviso or agreement contained in the Charge, but nothing contained in the Charge shall obligate the Chargee to apply such payments on account of taxes more often that yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any payment or principal or interest as provided in the Charge, the Chargee may apply such sum or sums in or towards payment of the principal and/or interest in default. The Chargor further covenants and agrees to transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Chargor.

Notwithstanding the provisions set out in this section, the Chargee may elect not to require payment of taxes to it in which case the Chargor will pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require.

The Chargor shall pay to the Chargee, on demand, the amount of any income, corporate, withholding or similar taxes (other than the Chargee's income taxes) (the "Income Taxes") that may be imposed upon or in respect of the Principal Amount from time to time outstanding, together with interest thereon that the Chargee may be called upon to pay, together with interest from the date on which such Income Taxes are paid by the Charge at the rate and compounded in the manner provided in the Charge.

7. COMPOUND INTEREST

It is agreed that if default is made in the payment of any amount to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the amount in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Charge Rate, and in case the interest and compound interest are not paid on the next interest payment date after the date of default, compound interest at the Charge Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Charged Premises and shall be secured by the Charge.

8. OBLIGATION TO MAINTAIN ACCOUNT

The Chargor agrees that, if regular payments of principal and/or interest (and taxes, if applicable) are required to be made [illegible] the provisions of the Charge or pursuant to a written agreement between the Chargor and the Chargee, the Chargor shall maintain, with a branch of the Chargee, an account of a type satisfactory to the Chargee, and, unless the Chargor has made alternate arrangements with the Chargee, the Chargee shall be entitled to automatically debit such account, by an amount equal to each payment of principal and/or interest (and taxes, if applicable),when each such payment is due. The Chargor covenants to ensure that such account always has sufficient funds on deposit to satisfy each such payment when due. If the Chargor breaches this covenant, or cancels the said authorization or closes the account (without opening and maintaining a substitute account), then such action or omission shall constitute a default under the Charge.

9. PREPAYMENT PRIVILEGES

(a) Closed Mortgages

If the Charge is closed or if the Charge is an insured mortgage subject to the provisions of the NHA, then the Chargor, when not in default, may:

(i) prepay an additional amount of principal, not exceeding 20% of the original principal amount, once in each calendar year at any time during the term of the Charge without notice or bonus. If the Chargor does not use this privilege in a calendar year, the Chargor cannot carry forward this right of prepayment for that calendar year to any subsequent year;

(ii) prepay the whole principal amount, or any part thereof in excess of 20% of the original principal amount without notice, upon payment of an amount equal to the greater of:

  (A) three months interest on the outstanding Principal Amount at the time of payment at the Charge Rate in the Charge; or

  (B) the amount, if any, by which the Charge Rate in the Charge exceeds interest at the current reinvestment interest rate, calculated on the amount prepaid by the Chargor, for the remaining term of the Charge. The "current reinvestment interest rate" at the time of prepayment means the rate at which the Chargee would lend to a similar borrower on the security of a similar mortgage of a similar property for a term commencing on the date of prepayment and expiring on the Balance Due Date of the Charge.

(iii) elect to increase the regular instalments of principal and interest by any additional amount not exceeding 20% of the instalment being paid immediately prior to such increase, once in each calendar year, such increase to commence on the payment date specified by written notice to the Chargee;

(iv) provided, however, that if the Charge covers a rental housing project, as defined in the *National Housing Act*, the foregoing prepayment privileges shall not apply, but the Chargor shall, when not in default, have the privilege of paying, on the fifth anniversary of the interest adjustment date or on any monthly instalment date thereafter, the whole principal amount owing under the Charge, upon payment by way of bonus three months interest on the outstanding Principal Amount at the time of payment at the Charge Rate in the Charge.

(b) Double Payment Option

The Chargor, when not in default, may, on any instalment payment date, prepay an amount not exceeding the amount of the initial regular instalment of principal and interest payable on such date without notice or bonus, but any such payment shall not be less than $100. The Chargor cannot exercise unused Double Payment Option privileges on subsequent instalment payment dates. This privilege cannot be exercised by the Chargor if the Charge is a Fixed Rate Mortgage repayable in instalments of interest only.

(c) Provisions Affecting Prepayment

If the Chargor makes a permitted prepayment, whether as a lump sum or other payment or as a payment under the Double Payment Option:

(i) the payment dates of all remaining instalments will be accelerated so that the Chargor will pay the regular instalment provided for in each month commencing with the month immediately following the month in which the prepayment is made, and continuing until all monies secured by the Charge have been fully paid; and

(ii) the Chargee will apply any prepayment firstly to interest, if any, at the Charge Rate on the outstanding Principal Amount and the balance of the prepayment amount will be applied on account of the outstanding Principal Amount.

(d) Skip Payment Option

(i) General Provisions

If the Charge is a Fixed Rate Mortgage repayable in blended instalments of principal and interest, or a Variable Rate Mortgage, or a Rate Cap Mortgage, and has a term of less than 10 years, the Chargor, when not in default under the Charge, may:

(A) skip a monthly instalment or instalments under the Charge without being in default under the Charge thereby, if and to the extent that the Chargor has exercised the option to increase the monthly instalment under the Double Payment Option during the term. The aggregate value of all skipped instalments must not exceed the aggregate value of all prepayments made under the Double Payment Option; and

(B) once in each calendar year, skip any instalment under the Charge provided that the amount of the interest portion of the skipped instalment together with the portion of the Principal Amount then outstanding does not exceed the original Principal Amount. The Chargor may repay the amount of any skipped instalment at any time during the term without bonus.

If the Chargor skips any instalments as permitted above, the Chargor must nonetheless make any payment to the Chargee that is required with respect to taxes and life or life and disability insurance premiums. The amount of the interest portion of all skipped instalments will be added to the outstanding Principal Amount, will form a charge on the Charged Premises and will bear interest at the Charge Rate.

(ii) Specific Provisions for NHA Mortgages

If the Charge is governed by the provisions of the NHA, the following additional provisions shall apply in respect of the Skip Payment Option:

(A) if the Loan to Value Ratio was equal to or less than 90%, the Chargor may not skip a payment if the result would be that the aggregate of the portion of the Principal Amount then outstanding, plus the interest portion of the skipped payment would exceed the Principal Amount;

(B) if the Charge is insured under the "95%-Insurance Program" of the CMHC or any related or successor program and the Loan to Value Ratio was greater than 90%, the Chargor may not skip a payment if the result would be that the aggregate of the portion of the Principal Amount then outstanding, plus the interest portion of the skipped payment would exceed 90% of the Loan to Value Ratio;

(C) a payment may not be skipped if, as a result of the skipped payment, the original amortization period of the Charge would be exceeded; and

(D) the Chargor may not skip a payment if, on the date of the proposed skipped payment, the equivalent of four monthly payments have been skipped and have not been repaid.

(e) Open Mortgages

If the Charge is open, then the Chargor, when not in default, may prepay the whole or any part of the Principal Amount of the Charge at any time without notice or bonus.

10. EQUIVALENT INTEREST RATES

This section sets out a table of equivalent interest rates. The equivalent interest rates are provided for disclosure purposes only and do not affect the calculation of interest under the Variable Rate Mortgage which calculation is set out in paragraph 4(b) of these standard charge terms. The following table sets out interest rates calculated half-yearly, not in advance which are equivalent to interest rates calculated monthly not in advance. The Chargor may determine the equivalent rate by locating the rate of interest payable under the Chargor's Variable Rate Mortgage in the column headed "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

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EQUIVALENT RATES TABLE

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
1.000	1.002	10.500	10.732
1.125	1.128	10.625	10.863
1.250	1.253	10.750	10.994
1.375	1.379	10.875	11.124
1.500	1.505	11.000	11.255
1.625	1.631	11.125	11.386
1.750	1.756	11.250	11.517
1.875	1.882	11.375	11.648
2.000	2.008	11.500	11.779
2.125	2.134	11.625	11.910
2.250	2.261	11.750	12.041
2.375	2.387	11.875	12.173
2.500	2.513	12.000	12.304
2.625	2.639	12.125	12.435
2.750	2.766	12.250	12.567
2.875	2.892	12.375	12.698
3.000	3.019	12.500	12.830
3.125	3.145	12.625	12.962
3.250	3.272	12.750	13.094
3.375	3.399	12.875	13.225
3.500	3.526	13.000	13.357
3.625	3.652	13.125	13.489
3.750	3.779	13.250	13.621
3.875	3.906	13.375	13.753
4.000	4.033	13.500	13.885
4.125	4.161	13.625	14.018
4.250	4.288	13.750	14.150
4.375	4.415	13.875	14.282
4.500	4.542	14.000	14.415
4.625	4.670	14.125	14.547
4.750	4.797	14.250	14.680
4.875	4.925	14.375	14.812
5.000	5.052	14.500	14.945
5.125	5.180	14.625	15.078
5.250	5.308	14.750	15.211
5.375	5.436	14.875	15.344
5.500	5.563	15.000	15.477
5.625	5.691	15.125	15.610
5.750	5.819	15.250	15.743
5.875	5.947	15.375	15.876
6.000	6.076	15.500	16.009
6.125	6.204	15.625	16.143
6.250	6.332	15.750	16.276
6.375	6.460	15.875	16.409
6.500	6.589	16.000	16.543
6.625	6.717	16.125	15.677
6.750	6.846	16.250	16.810
6.875	6.974	16.375	16.944
7.000	7.103	16.500	17.078
7.125	7.232	16.625	17.212
7.250	7.360	16.750	17.345
7.375	7.489	16.875	17.480
7.500	7.618	17.000	17.614
7.625	7.747	17.125	17.748
7.750	7.876	17.250	17.882
7.875	8.005	17.375	18.016
8.000	8.135	17.375	18.016
8.125	8.264	17.500	18.151
8.250	8.393	17.625	18.285
8.375	8.522	17.750	18.419
8.500	8.652	17.875	18.554
8.625	8.781	18.000	18.689
8.750	8.911	18.125	18.823
8.875	9.041	18.250	18.958
9.000	9.170	18.375	19.093
9.125	9.300	18.500	19.228
9.250	9.430	18.625	19.363
9.375	9.560	18.750	19.498
9.500	9.690	18.825	19.633
9.625	9.820	19.000	19.768
9.750	9.950	19.125	19.903
9.875	10.080	19.250	20.039
10.000	10.211	19.375	20.174
10.125	10.341	19.500	20.310
10.250	10.471	19.625	20.445
10.375	10.602	19.750	20.581
		19.875	20.716

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11. DEEMED COVENANTS EXCLUDED

The covenants deemed to be included in a charge by subsection 7(1) of the Land Registration Reform Act shall be and are hereby expressly excluded from the terms of the Charge.

12. COVENANTS IN LIEU OF STATUTORY COVENANTS

The Chargor does hereby, covenant, promise and agree to and with the Chargee, as follows:

(a) To Maintain Membership in Credit Union

That during the currency of the Charge, the Chargor shall maintain at all times the Chargor's status as a member in good standing of UNITED COMMUNITIES CREDIT UNION LIMITED (and its successors and assigns).

(b) To Pay and Observe Covenants

That the Chargor shall pay or cause to be paid to the Chargee, without deduction or abatement, the Principal Amount, and any other amounts secured by the Charge with interest at the Charge Rate at the times and in the manner established for payment thereof, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and, without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or has been rendered liable to pay.

(c) For Good Title

If the Charge is a charge of a fee simple estate, that the Chargor, at the time of execution and delivery of the Charge, in the case of a Form 2 Charge, or at the time of delivery for registration, in the case of an ERS Charge, is and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title in fee simple to the Charged Premises free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same.

(d) Right to Charge

That the Chargor has good right, full power and lawful and absolute authority to charge the Charged Premises with their appurtenances unto the Chargee, in the manner set out in the Charge.

(e) Quiet Possession on Default

That from and after default in the payment of the portion of the Principal Amount then outstanding or the interest thereon, or any part thereof or of any other amounts payable under the Charge or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee, peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Charged Premises or lands and premises intended to be charged by the Charge, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor, or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizance and of any other charges or encumbrances whatsoever.

(f) Further Assurances

That from and after default in the payment of the portion of the Principal Amount then outstanding, or the interest thereon, or any part thereof or of any other amounts payable under the Charge or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning thereof, then and in every such case the Chargor and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Charged Premises by, from, under or in trust for the Chargor shall and will, from time to time, and at all times thereafter, make, do, suffer, execute, deliver, authorize and register or cause or procure to be made, done, suffered, executed, delivered, authorized and registered all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying, charging and assuring the Charged Premises unto the Chargee, as by the Chargee or its solicitor shall or may be lawfully and reasonably devised, advised, or required.

(g) Done No Act to Encumber

That the Chargor has not at any time heretofore made, done, committed, executed or willfully or knowingly suffered any act, deed, matter or thing whatsoever whereby the Charged Premises or the lands and premises intended to be charged by the Charge, or any part thereof,

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are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate, or otherwise howsoever.

(h) Insurance

(i) That the Chargor will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Charged Premises and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee [illegible] and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Chargee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Chargee and the Chargor will forthwith assign, transfer and deliver over unto the Chargee the policy of insurance and receipts thereto appertaining; and if the Chargor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obliged to insure the said buildings or any of them, and if the Chargee shall pay any premiums or sums of money for insurance for the Charged Premises or any part thereof the amount of such payment shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and the Chargor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of a copy of the Charge, if the Charge is a Form 2 Charge, or printed copy of the Charge if the Charge is an ERS Charge, shall be sufficient authority for the said insurance company to pay any such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee; and any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the Charge on account of the amounts secured by this Charge or any part thereof whether due or not then due.

(ii) If the Charged Premises are part of a condominium the insurance provisions set out above will not apply and the following will apply to the Charge:

And that the Chargor or the Condominium Corporation or both of them will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee; and the Chargor and the Condominium Corporation will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policy or policies, and receipts or produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies, of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration and by-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

13. LEASEHOLD PROVISIONS

If the interest of the Chargor in the Charged Premises derives from a lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or licence of the Charged Premises (such lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or licence including any renewal, extension, modification, replacement or assignment thereof is hereinafter collectively called the "Lease"), then the following additional provisions apply with respect to such interest:

(a) all references herein to "Charged Premises" shall include all right, title and interest of the Chargor from time to time in and to the Lease and the lands and premises demised under the

Lease, including any greater right, title or interest therein or in any part thereof acquired after the date of the Charge;

(b) the Chargor grants, mortgages, demises, sub-leases and charges to the Chargee all estate, term, right, title and interest of the Chargor in and to the Lease and the Charged Premises, together with any and all other, further or additional title, estate, interest or right therein or any part thereof which may at any time be acquired by the Chargor in or to the lands and premises demised by the Lease during the term of the Charge, together with the Lease and all right, title and interest of the Chargor in the Lease and all benefit and advantage therefrom for the Chargee including any right or option to purchase or to lease contained therein, to have and to hold for and during the remainder of the term of the Lease, save and except the last day thereof (the "Reversion"), as security for the payment to the Chargee of the Principal Amount and interest on such amounts and all other amounts secured by the Charge including, without limitation, the liabilities and for the performance of all liabilities and obligations secured by the Charge upon the terms set out in the Charge;

(c) the Chargor represents and warrants to the Chargee as follows:

- (i) the Chargor has good leasehold title to the Charged Premises free and clear of any liens, charges and other encumbrances except those specifically approved in writing by the Chargee;
- (ii) the Lease is, at the time of execution and delivery of the Charge in the case of a Form 2 Charge, and at the time of delivery for registration in the case of a ERS Charge, a good, valid and subsisting lease and has not been surrendered or forfeited or become void or voidable and the Chargor has not done or failed to do any act as a result of which the Lease would be rendered invalid or its validity impaired;
- (iii) there have been no modifications to the Lease that have not been provided to the Chargee;
- (iv) the rents, covenants and conditions contained in the Lease have been duly paid, observed and performed by the Chargor up to the date of the Charge;
- (v) the Chargor has a good right, full power and lawful and absolute authority to demise and sublet the Lease to the Chargee in the manner aforesaid;

(d) the Chargor covenants and agrees with the Chargee as follows:

- (i) the Chargor shall stand possessed of the Reversion in trust for the Chargee to assign and dispose of the Reversion in such manner as the Chargee shall by notice in writing direct (subject to the right of redemption in the Charge) and the Chargor hereby irrevocably appoints the Chargee to be the attorney of the Chargor to assign the term of the Lease as the Chargee shall at any time direct;
- (ii) the Chargor, at the request of the Chargee but at the cost, charge and expense of the Chargor, will grant and assign to the Chargee, or to whomever the Chargee may appoint, the Reversion or any renewal or substituted term of the Lease;
- (iii) the Chargee shall pay the rent reserved by and other amounts due under the Lease and shall observe and perform each and every covenant, agreement, condition and proviso contained in the Lease and shall not be guilty of any acts or default which may cause the Lease to be forfeited or determined and the Chargor shall indemnify the Chargee against all actions, claims and demands whatsoever in respect of the rent and covenants or anything relating thereto;
- (iv) the Chargor shall not, during the continuance of the Charge, transfer, assign, sub-lease, surrender or terminate the Lease or any of its rights or interest in the Lease;
- (v) the Chargor shall not, during the continuance of the Charge, enter into any agreement purporting to modify, alter or amend the Lease, without the prior written consent of the Chargee;
- (vi) the Chargor shall not allow any options (to renew or otherwise) or any rights of first refusal under the Lease to lapse and subject to any contrary directions from the Chargee, shall exercise any such options or rights so as to maintain or continue the term of the Lease for the whole of the period during which any debts or liabilities secured by the Charge remain outstanding;
- (vii) any breach or default under the Lease shall be deemed to be a default under the Charge entitling the Chargee to demand repayment of all amounts then secured by the Charge;
- (viii) if the Chargor becomes the owner of the freehold of the lands and premises demised by the Lease the Charge shall increase to be a charge of the freehold interest in the lands and premises demised by the Lease to the same extent and effect as if the Chargor had been the owner of the freehold, free from encumbrances, at the date the Charge took effect. To give effect to the foregoing the Chargor does hereby grant and mortgage the freehold interest in the Charged Premises unto the Chargee, such grant to take effect upon the Chargor acquiring freehold title to the said Charged Premises. The Chargor covenants and agrees to execute and deliver, in the case of a Form 2 Charge or, in the case of an ERS Charge, authorize the delivery for registration, at the Chargor's expense, forthwith on demand therefor, such further and other documents as the Chargee may reasonably require for the purpose of validly giving effect to the foregoing;

(ix) the Chargor shall immediately notify the Chargee of any notice or advice from the lessor under the Lease of the lessor's intention to terminate the Lease prior to the expiration of the term of the Lease or any other notice or request received from the lessor;

(e) any reference in the Charge to any charges payable in respect of the Charged Premises shall include all taxes, assessments, rates, costs or charges of whatever kind payable by the Chargor under the Lease and if any amounts are paid by the Chargee in respect of amounts owing under the Lease such amounts shall be a charge against the Charged Premises, shall bear interest at the Charge Rate and shall be secured by the Charge;

(f) in the event of any default in any payment of rent or other monies due under the Lease or in performance or observance of any covenant, agreement, condition or proviso contained in the Lease the Chargee shall, at its option but without incurring any liability to do so, be at liberty to pay such rent or to observe or perform such covenant, agreement, condition or proviso, as the case may be, and all money expended by the Chargee in so doing shall be payable forthwith by the Chargor to the Chargee, shall bear interest at the Charge Rate and shall be a charge on the Charged Premises secured by the Charge;

(g) the Chargor hereby irrevocably appoints the Chargee to be the attorney of the Chargor to enforce any covenants of the tenant under the Lease and to exercise any options to renew the Lease in the Chargee's discretion.

14. EXPROPRIATION

It is agreed between the parties to the Charge that if all of the Charged Premises is expropriated, then the outstanding Principal Amount together with all interest thereon under the Charge shall become immediately due and payable. If only part of the Charged Premises is expropriated, then the amount awarded to the Chargor for the partial expropriation shall be paid to the Chargee and credited to the Principal Amount and any interest then outstanding. If, in the opinion of the Chargee, the remainder of the Charged Premises, after the partial expropriation, does not constitute adequate security for the Principal Amount then outstanding, then the Principal Amount or such part thereof as the Chargee may determine shall immediately become due and payable together with all interest thereon.

15. RELEASE

The Chargor by these presents does release, remise, and forever quit claim unto the Chargee, all right, title, interest, claim and demand whatsoever of, unto and out of the Charged Premises and every part thereof, so that the Chargor shall not or may not at any time hereafter have, claim, pretend to, challenge or demand the Charged Premises or any part thereof in any manner howsoever, subject always to the proviso for defeasance.

16. ENTRY AFTER DEFAULT AND POWER OF SALE

The Chargee on default by the Chargor of payment of any portion of the Principal Amount then outstanding, or interest, or any part thereof as required by the Charge, or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Chargor provided in the Charge may enter into possession of the Charged Premises or the lands and premises intended to be charged and take the rents, assets and profits and, whether in or out of possession, make such lease or leases as it shall think fit, and also on fifteen days' default as aforesaid and after giving at least thirty-five days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, R.S.O., 1990, c.M.40, as amended (the "Mortgages Act"), may sell the Charged Premises or the lands and premises intended to be charged by the Charge or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser or purchasers thereof, his or their heirs, successors or assigns, or as he or they shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its willful neglect or default. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a person eighteen years or older on the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises, if unoccupied, or at the option of the Chargee, by mailing it by registered mail addressed to the Chargor at the Chargor's last known address, and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. It is hereby further agreed that the proceeds of sale under the Charge may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured by the Charge or otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for any loss occasioned thereby, and, in the case of a sale on credit, the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease under the Charge; and that the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given in compliance with the Mortgages Act, or had been given improperly, but any person harmed by an unauthorized, improper, or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the Charged Premises, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing in this section contained shall prejudice or diminish any other rights and remedies and powers of the Chargee contained in the Charge or existing at law by virtue thereof.

And it is further agreed between the parties to the Charge that until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, conveyances or leases, secondly in payment of all costs, charges, damages and expenses of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may have paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the portion of the Principal Amount then outstanding, fifthly in payment of any subsequent encumbrancers according to their priorities and the residue shall be paid to the Chargor as the Chargor may direct and shall also, in such event, at the request, cost and expense of the Chargor transfer, release and assure unto the Chargor or to such person or persons as the Chargor shall direct and appoint, all such parts of the Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to the Charge that, notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the Charged Premises as fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been contained in the Charge.

17. DISTRESS

It is further agreed by and between the parties to the Charge that the Chargee may distrain for arrears of interest against the Charged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

18. PRINCIPAL DUE ON DEFAULT

It is hereby further expressly declared and agreed, that if any default shall occur in the payment of interest secured by the Charge, or any part thereof, or in payment of any installment of principal as the same matures or of any instrument, promissory note, bill of exchange or other obligations now or at any time held by the Chargee in respect of or representing or securing the liabilities secured by the Charge or any part thereof, or in the performance of any covenant, proviso or agreement contained in the Charge or if any waste be committed or suffered on the Charged Premises then at the option of the Chargee, the portion of the Principal Amount then outstanding secured by the Charge or intended so to be shall forthwith become due and payable in like manner and with the like consequences and effects as if the time mentioned for payment of the Charge had fully come and expired, subject to any relief afforded to the Chargor at law. The Chargee may, however, waive its right to call in the Principal Amount and shall not be therefore debarred from asserting and exercising its right to call in the Principal Amount upon the happening of any future default or breach.

19. CHARGOR'S QUIET POSSESSION UNTIL DEFAULT

It is agreed that until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Chargor peaceably and quietly to have, hold, use, occupy, possess and enjoy the Charged Premises, and receive and take the rents and profits thereof to the Chargor's own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for the Chargee.

20. BUILDINGS, ADVANCES AND COST OF SEARCH

It is the intention of the parties that the building or buildings erected or to be erected on the Charged Premises form part of the security for the full amount secured by the Charge; and that all advances are to be made in such manner at such times and in such amounts up to the Principal Amount as the Chargee in its sole discretion may determine and subject always to the provision to which the Chargor hereby agrees that notwithstanding the execution or registration of the Charge, in the case of a Form 2 Charge or delivery for registration in the case of an ERS Charge, or the advancement of any part of the Principal Amount, the Chargee is not bound to advance the full Principal Amount or any unadvanced portion thereof and the advance of the full Principal Amount or any part thereof from time to time shall be in the sole discretion of the Chargee, but nevertheless the Charge shall, in the case of a Form 2 Charge, take effect forthwith upon the execution of the Charge by the Chargor or, in the case of an ERS Charge, upon the delivery for registration of the Charge and the expenses of the examination of the title and of the Charge and valuation are to be secured by the Charge in the event of the whole or any balance of the Principal Amount not being advanced, the same to be charged by the Charge upon the Charged Premises and shall be without demand thereof, payable forthwith with interest at the Charge Rate and in default the said Chargee's power of sale given by the Charge, and all other remedies under the Charge or at law shall be exercisable.

21. FIXTURES

It is mutually covenanted and agreed by and between the Chargor and the Chargee that all erections and improvements fixed or otherwise now on or after the date of the Charge put upon the Charged Premises, including but without limiting the generality of the foregoing, all fences, heating, piping, plumbing, aerials, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Charged Premises and shall be a portion of the security for the amounts secured by the Charge.

22. PARTIAL RELEASE

Provided that the Chargee may at all times release any part or parts of the Charged Premises or any other security or any surety for payment of all or any part of the amounts secured by the Charge or may release the Chargor or any other person from any covenant or other liability to pay the said amounts or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any amounts except those actually received by the Chargee and without thereby releasing any other part of the Charged Premises, or any other securities or covenants contained in the Charge, it being especially agreed that notwithstanding any such release the Charged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the amounts secured by the Charge.

23. DEFAULT IN PRIOR CHARGES

It is agreed by and between the Chargor and the Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge, lien or encumbrance to which the Charge is subject or subordinate, then and in that event the amounts secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as herein provided.

24. DEFAULT IN COLLATERAL AGREEMENTS

It is agreed by and between the Chargor and the Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in or arising from any agreement, instrument, certificate or otherwise or dealings between the Chargee and the Chargor, then and in that event, the amounts secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as herein provided, and vice versa.

25. LIENS AND CONSTRUCTION

Provided also that upon the registration of any lien against the Charged Premises, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the portion of the Principal Amount then outstanding and interest and all other amounts secured by the Charge shall, at the option of the Chargee, forthwith become due and payable. In the event that a construction lien is registered against title to the Charged Premises the Chargee shall have the right, but not the obligation, to pay such amounts as may be required to remove such lien from title to the Charged Premises. Any amounts so paid by the Chargee, together with all costs, charges, and expenses incurred by the Chargee in connection therewith, including all solicitor's charges or commission, as between a solicitor and his or her client, shall be added to the Principal Amount secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

26. WASTE, VACANCY, REPAIR AND BUILDING COMPLETION

The Chargor covenants and agrees with the Chargee that the Chargor will not permit waste to be committed or suffered on the Charged Premises and that the Chargor will maintain the buildings or other improvements on the Charged Premises in good order and repair to the satisfaction of the Chargee and will not permit or suffer them to become or remain vacant and the Chargee may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Charged Premises, and the cost of repair, construction or reconstruction shall be added to the amount secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

27. INSPECTION

The Chargee through itself or its agent or employees may, at any time, enter upon the Charged Premises to inspect the Charged Premises and the reasonable cost of such inspection shall be added to the Principal Amount secured by the Charge and shall bear interest at the Charge Rate, and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

28. ALTERATIONS

The Chargor covenants and agrees with the Chargee that the Chargor will not make or permit to be made any alterations or additions to the Charged Premises without the prior written consent of the Chargee.

29. NON-MERGER

Provided and it is agreed, that the taking of a judgment or judgments on any of the covenants contained in the Charge shall not operate as a merger of the said covenant nor affect the Chargee's right to interest at the rate and times provided in the Charge; and further that said judgment shall provide that interest thereon shall be computed at the Charge Rate and in the same manner as provided in the Charge until the said judgment shall have been fully paid and satisfied.

30. RIGHTS ON DEFAULT

The Chargor covenants and agrees with the Chargee that in the event of default in the payment of any installment of principal, interest or taxes secured by the Charge or any other amounts payable under the Charge by the Chargor or on breach of any covenant, proviso or agreement in the Charge after all or any part of the amounts secured by the Charge have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the Charged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Charged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Charged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes shall be forthwith payable to the Chargee, and shall be a charge upon the Charged Premises and shall bear interest at the Charge Rate until paid.

31. OBLIGATIONS SURVIVE SALE

Provided that no sale or other dealing by the Chargor with the Charged Premises or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the amounts secured by the Charge.

32. DUE ON SALE

Provided that in the event of

(a) the Chargor selling, conveying, transferring, or entering into any agreement of sale or transfer of the title of the Charged Premises to a purchaser, grantee or transferee not approved in writing by the Chargee; or

(b) if such a purchaser, grantee or transferee should fail to (a) apply for and receive the Chargee's written approval as aforesaid, (b) personally assume all the obligations of the Chargor under the Charge, and (c) execute an assumption agreement in the form required by the Chargee,

then, at the option of the Chargee, all amounts secured by the Charge with accrued interest thereon shall forthwith become due and payable.

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33. PORTABILITY OPTION

If the Chargor is not in default under the Charge, and has entered into an agreement to sell or transfer the title to the Charged Premises, the Chargor, with the consent of the Chargee, may either exercise the portability option described in this section, or alternatively, the purchaser or transferee of the Charged Premises may exercise the assumption option described in section 32 above, but both options may not be exercised contemporaneously.

If, within 90 days following completion of the sale or transfer of the title to the Charged Premises, the Chargor completes the purchase of a residential property (the "New Property"), the Chargee will, on written application by the Chargor, but subject to paragraph (f) below, provide financing for the purchase of the New Property on the security of a charge to be registered against title to the New Property (the "New Charge"), in the following manner:

(a) if the amount to be advanced under the New Charge (the "New Charge Amount") is the same as the portion of the Principal Amount then outstanding under the Charge, the interest rate applicable to the New Charge Amount for the period of time remaining in the term of the Charge will be the Charge Rate;

(b) if the New Charge Amount is less than the portion of the Principal Amount then outstanding under the Charge, the Charge Rate will apply to the New Charge Amount for the period of time remaining in the term of the Charge, and the Chargor must pay to the Chargee upon the date of the completion of the sale or transfer of the Charged Premises, the amount by which the portion of the Principal Amount then outstanding under the Charge exceeds the New Charge Amount and any such prepayment will be subject to the prepayment provisions applicable under the Charge;

(c) if the New Charge Amount exceeds the portion of the Principal Amount then outstanding under the Charge, the New Charge will secure the aggregate of the portion of the Principal Amount then outstanding under the Charge and the additional principal amount advanced under the New Charge at a rate of interest that blends the Charge Rate and the rate the Chargee offers at that time for mortgages with terms similar to the time remaining in the term of the Charge. The term of the New Charge will be for a period equivalent to the time remaining in the term of the Charge. If the Charge is a Rate Cap Mortgage, the additional principal amount must be secured by a new second-ranking mortgage registered on title to the New Property for a term equivalent to the time remaining in the term of the Charge;

(d) on the date of completion of the sale or transfer of the Charged Premises, any prepayment of the Charge from the proceeds of sale will be subject to the prepayment provisions applicable under the Charge. However, provided the New Charge is advanced within a 90 day period following prepayment of the Charge, the Chargee will, subject to paragraph (b) above, refund to the Chargor the amount, if any, of bonus interest paid in respect of such prepayment;

(e) the term of the New Charge will commence on the date that it is advanced and will terminate on the same date as the Charge would have otherwise terminated; and

(f) the Chargee's mortgage approval criteria, policies, procedures and documentation in effect at the time the Chargor makes his/her/its application for the New Charge will apply to the application and the New Charge and the Chargor will be responsible for paying all applicable processing or administration fees, all legal and property valuation fees and all other expenses incurred by the Charge in connection with the New Charge.

34. PRIOR ENCUMBRANCES

It is further stipulated, provided and agreed, that the Chargee may pay the amount of any encumbrance, lien or charge now or after the date of the Charge existing, or to arise or to be claimed upon the Charged Premises having priority over the Charge, including any taxes, utility charges or other rates on the Charged Premises or any of them, any construction lien or any amounts payable to the Condominium Corporation, and may pay all costs, charges and expenses and all solicitors' charges or commissions, as between a solicitor and its client, which may be incurred in taking, recovering and keeping possession of the Charged Premises and generally in any proceedings or steps of any nature whatever properly taken in connection with the Charge or to realize the security of the Charge, or to defend the validity or priority of the Charge as against a third party, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor under the Charge whether any action or any judicial proceedings to enforce such payments has been taken or not, and the amount so paid and insurance premiums for fire or other risks or hazards and any other amounts paid by the Chargee shall be added to the amount secured by the Charge and be a charge on the Charged Premises and shall bear interest at the Charge Rate, and shall be payable forthwith by the Chargor to the Chargee, and the non-payment of such amount shall be a default of payment within the meaning of those words in Section 16 and shall entitle the Chargee to exercise the power of sale and all other remedies given under the Charge. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the amounts advanced on the security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation, or government so paid off, and is authorized to retain any discharge thereof, without registration, for a longer period than six months if it thinks proper to do so.

35. SUBSEQUENT ENCUMBRANCES

The Chargor covenants and agrees with the Chargee that, for the duration of the Charge, the Chargor shall not make or permit to be made any registration on title to the Charged Premises subsequent to the Charge that could reasonably be considered to constitute an encumbrance, lien, mortgage, charge or security interest, without the prior written consent of the Chargee.

36. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the Chargee incurs any cost or expense of any nature or kind in any way arising from or relating to the *Ontario New Homes Warranties Plan Act,* R.S.O. 1990, c.0.31, as amended (the "ONHWPA"), including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under the ONHWPA or enrolling the Charged Premises or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the amounts secured by the Charge and be a charge on the Charged Premises in priority to all other encumbrances registered or arising subsequent to the Charge and shall bear interest at the Charge Rate and shall be payable forthwith by the Chargor to the Chargee.

37. PROHIBITION AGAINST RENTAL

If the Charged Premises are or are intended to be used as residential premises then the following provisions shall apply:

(a) the Chargor represents, warrants, covenants and agrees that no part of the Charged Premises are rented or occupied by a Tenant and further covenants and agrees not to permit the Renting of the Charged Premises without first obtaining the consent in writing of the Chargee which consent may be refused at the sole discretion of the Chargee; further the Chargor covenants and agrees not to enter into any negotiations with respect to Renting without the consent in writing of the Chargee, which consent may be refused, restricted or made conditional at the sole discretion of the Chargee; if a restricted or conditional consent to Renting or negotiations relating to Renting is given, the Chargor covenants and agrees to abide by such restrictions or conditions;

(b) the Renting of the whole or any part of the Charged Premises without the written consent of the Chargee shall be deemed to have been done with the object of discouraging the Chargee from taking possession of the Charged Premises on default or adversely affecting the value of the Chargee's interest in the Charged Premises within the meaning of Section 52(1) of the Mortgages Act;

(c) in the event that any of the covenants contained in this section shall be breached then, at the option of the Chargee, all monies secured by the Charge with accrued interest thereon shall forthwith become due and payable;

(d) if the whole or any part of the Charged Premises are rented to a Tenant with or without the consent of the Chargee, at such time as the Chargee is entitled to enforce its rights under the Charge by reason of default of the Chargor, the Chargee may, at its discretion, pay to any Tenant a sum of money, in such amount as it considers advisable, as consideration for obtaining the cooperation of such Tenant in selling the Charged Premises, showing the Charged Premises and obtaining possession from the Tenant or for any one or more of the above. It is recognized that the payment of such amount will be a cost of realization on the Charge and the amount so paid shall be added to the amount secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the Charge Rate and shall have priority over all encumbrances subsequent to the Charge and shall be payable forthwith by the Chargor to the Chargee; the Chargor appoints the Chargee to be its true and lawful attorney and agent to enforce all the terms of any tenancy agreement entered into by the Chargor with respect to all or any part of the Charged Premises and to cancel or terminate any such tenancy agreement and in this connection to make, sign and execute any and all documents in the name of the Chargor which it, as Chargee, may consider desirable;

(e) in this section, "Tenant" shall have the meaning set out in Section 1 of the Tenant Protection Act, S.O., 1997, ch.24, as maybe amended from time to time.

38. COVENANTOR OR GUARANTOR

If a party is named as an additional covenantor or guarantor in the Charge or a schedule thereto (the "Covenantor"), the Chargor and the Covenantor acknowledge that it is a condition of the making of advances under the Charge that the covenant contained in this section 38 be entered into by the Covenantor. The Covenantor further acknowledges that the consideration for the guarantee contained in this section 38 is the making of an advance or advances under the Charge.

The Covenantor on behalf of himself, his executors, administrators, successors and assigns, in consideration of the advance in whole or in part of the Principal Amount does hereby covenant, promise and agree as principal debtor and not as surety to and with the Chargee that the Covenantor will well and truly pay, or cause to be paid unto the Chargee the Principal Amount and all other amounts secured by the Charge, together with interest upon the same, at the days and times, and in the manner agreed to in the Charge or any amendments, renewals, variations or extensions thereof and shall and will in everything, well and truly do, observe, fulfill and keep any and all covenants, provisos, conditions, agreements and stipulations in the Charge according to the true intent and meaning thereof, and shall and will abide by and submit to and do hereby

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agree to all conditions, provisos and stipulations in the Charge on the part of the Chargor, and these covenants shall be binding notwithstanding the giving of time for payment of the Charge or the varying of terms of payment thereof or the rate of interest thereon, and if there are more than one Covenantor shall bind them jointly as well as severally and shall continue to subsist notwithstanding the death of one or more of such Covenantor.

Each Covenantor further covenants and agrees that without giving notice to or obtaining the consent or concurrence of any guarantor, the Chargee may:

(a) grant any time, indulgences, waivers or extensions of time for payment or performance of any of the obligations under the Charge;

(b) grant any renewals or extensions of the Charge, with or without a change in the rate of interest or in any other terms or conditions of the Charge and whether by express agreement signed by the Chargor or otherwise (including, without limitation, by way of an automatic renewal or extension);

(c) change the Charge Rate, whether during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such Charge Rate is calculated or determined, change from a Fixed Rate Mortgage to a Variable Rate Mortgage or from a Variable Rate Mortgage to a Fixed Rate Mortgage, or otherwise;

(d) shorten or lengthen the amortization period of the Charge;

(e) otherwise amend, supplement, modify, vary or otherwise change any of the terms or conditions of the Charge in any manner whatever;

(f) release or discharge from the mortgage or charge constituted by the Charge the whole or any part of the Charged Premises;

(g) advance additional Principal Amounts to the Chargor pursuant to any provision of the Charge that permits the Chargor to borrow such additional Principal Amounts from the Chargee;

(h) permit the Chargor to prepay the Principal Amount in whole or in part or to skip one or more scheduled instalments of principal and interest or to pay more than one such scheduled instalment on a scheduled payment date under the Charge, whether pursuant to a provision of the Charge that permits such prepayment, skipping or multiple payments or otherwise;

(i) accept compositions, compromises or proposals from the Chargor or otherwise deal with the Chargor or any other person, any security (including, without limitation, the Charge) or the Charged Premises or any security as the Chargee sees fit including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Charge;

(j) release or discharge any Covenantor or one or more other co-covenantors or guarantors or Chargors in respect of the Charge; and/or

(k) release any subsequent legal or beneficial owner of the Charged Premises from any liability for the obligations under the Charge or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Covenantor hereunder, regardless of whether any such action has the effect of amending or varying this Charge or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the liabilities and obligations thereunder. The liability of each Covenantor hereunder shall extend to and include the liabilities and obligations of the Chargor under the Charge, as so amended, renewed, extended or varied and the Charge as so increased, expanded or altered without further action on the part of the Chargee or the consent or concurrence of any Covenantor; and for greater certainty and without limiting the foregoing, if the Charge Rate is increased or otherwise altered, the liability of each Covenantor hereunder shall be extended to and include the obligation of the Chargor to pay interest at such increased or altered Charge Rate.

39. EXTENSIONS

No extension of time given by the Chargee to the Chargor, or anyone claiming under the Chargor or any other dealing with the owner of the Charged Premises, shall in any way affect or prejudice the rights of the Chargee against the Chargor, the Covenantor or any other person liable for the payment of the monies secured by the Charge.

40. BONUS ON DEFAULT

On default of payment of any of the amounts secured by the Charge or payable under the Charge, the Chargee shall be entitled to require payment, in addition to all other amounts secured by the Charge or payable under the Charge, of a bonus equal to three months' interest in advance at the Charge Rate upon the Principal Amount secured by the Charge at such time, and the Chargor shall not be entitled to require a discharge of the Charge without such payment or notice in lieu thereof as required by law.

41. DISCHARGE

The Chargee shall have a reasonable time after payment in full of the amounts secured by the Charge within which to prepare, execute and deliver in the case of a Form 2 Charge or prepare and deliver for registration in the case of an ERS Charge, as the case may be, a discharge or, if requested, and if required by law to do so, an assignment of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee and all legal and other expenses for the preparation, execution and registration, as applicable of such discharge and assignment shall be borne by the Chargor.

42. OTHER SECURITY

The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured under the Charge, and it is understood and agreed that the Chargee may pursue its remedies thereunder or under the Charge concurrently or successively at its option. Any judgment or recovery under the Charge or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon the Charge or any other such security.

43. PLACE OF PAYMENT

Provided that all such payments secured by the Charge shall be made at the branch of the Chargee designated in the Charge, or at such other place as the Chargee may designate in writing to the Chargor, in lawful money of Canada.

44. SPOUSE'S CONSENT

The spouse of the Chargor so named in the Charge hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee under the Charge, and agrees that the Chargee may, without further notice, deal with the Charged Premises and the debt created by the Charge as the Chargee may see fit.

45. FAMILY LAW ACT

The Chargor covenants and agrees that:

(a) the Chargor or the owner from time to time of the Charged Premises will advise and keep advised the Chargee as to whether the Chargor or the owner from time to time is a spouse as defined in the *Family Law Act,* R.S.O. 1990, c. F.3, as amended (the "Family Law Act"), and if so, the name of the Chargor's spouse, and of any change in the Chargor's spousal status or in the status of the Charged Premises as a matrimonial home within the meaning of the Family Law Act, and

(b) forthwith on request the Chargor will furnish the Chargee with such evidence in connection with any of the matters referred to in paragraph 45(a) as the Chargee may from time to time require, including, without limitation, the Chargor's and the Chargor's spouse's name, address and birth date and the Chargor's and the Chargor's spouse's authorization to the Registrar under the *Vital Statistics Act,* R.S.O. 1990, c.V.4, as amended, to provide the Chargee from time to time on request all information in the Chargor's possession relative to any marriage, divorce or death of the Chargor or the Chargor's spouse,

and on default, then all amounts secured by the Charge, together with accrued interest thereon shall, at the option of the Chargee, forthwith become due and payable.

46. SEVERABILITY

It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statute, regulation thereunder or other applicable law or would by reason of the provisions of any such statute, regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the loan secured by the Charge which it would otherwise be able to collect under such statute, regulation or other applicable law then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

47. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Chargee under the Charge shall prejudice such rights or any other rights of the Chargee; no performance or payment by the Chargee in respect of any breach or default under the Charge of the Chargor shall relieve the Chargor from any default under the Charge; and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

48. FARMLANDS

If the Charged Premises are farm lands, the Chargor will in each year during the term either put into crop or summer fallow in good, proper and husbandlike manner every portion of the Charged Premises which has been or may after the date of the Charge be brought under cultivation, and will keep the Charged Premises clean and free from all noxious weeds and generally see that the Charged Premises do not depreciate in any way.

49. CHANGE OF CORPORATE CONTROL

Where the Chargor is a corporation, the Chargor covenants and agrees that in the event that:

(a) the Chargor fails to supply to Chargee, in a form satisfactory to the Chargee, such information relating to the ownership of its shares as the Chargee may from time to time require; or

(b) without the written consent of the Chargee first had and obtained,

- (i) the Chargor issues or redeems any of its shares or transfers any of its shares,
- (ii) there is a sale or sales of the shares of the Chargor which result in the transfer of the legal or beneficial interest of any of the shares of the Chargor, or
- (iii) the Chargor amalgamates, merges or consolidates with any other corporation,

and the result of any of the foregoing is a change in the effective control of the majority of the voting shares of the Chargor, then all monies secured by the Charge together with accrued interest thereon shall forthwith become due and payable at the option of the Chargee and the Chargee's powers of sale given by the Charge and all other remedies for enforcement shall be exercisable.

50. COMPLIANCE WITH THE LAW AND ENVIRONMENTAL COMPLIANCE

The Chargor hereby represents and warrants to the Chargee that:

(a) there is not in, on or about the Charged Premises any product or substance or condition (including, without restriction, contaminants, wastes, moulds or hazardous or toxic materials), equipment or anything else which contravenes any statute, regulation, by-law, order, direction or equivalent relating to the protection of the environment or which is not being dealt with according to best recognized practices relating to the environment;

(b) to the best of the knowledge of the Chargor, no circumstance has existed on the Charged Premises or exists or has existed on any land adjacent to the Charged Premises which constitutes or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment;

(c) no claim or notice of any action, investigation or proceeding of any kind has been threatened, made or issued or is pending relating to an environmental condition on the Charged Premises; and

(d) the Charged Premises are being used in compliance with all statutes, regulations, orders, by-laws, directions and equivalent relating to the protection of the environment.

The Chargor hereby covenants and agrees with the Chargee as follows:

(e) the Chargor shall give to the Chargee immediate notice of any material change in circumstances in respect of the Charged Premises or adjacent land which would cause any of the representations and warranties contained in the immediately preceding paragraphs (a) to (d) inclusive to become untrue; and

(d) the Chargor shall not permit or create, and shall not allow anyone else to permit or create, any circumstance on the Charged Premises which would constitute or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment.

The Chargor further covenants and agrees with the Chargee at all times promptly to observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders, regulations and equivalent of every government authority and agency whether federal, provincial, municipal or otherwise, including, without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Charged Premises or any portion thereof and the Chargor will from time to time, upon request of the Chargee, provide to the Chargee evidence of such observance and compliance, and pay immediately when due the cost of removal of such contaminants, wastes and materials, and shall at its own expense make any and all improvements thereon or alterations to the Charged Premises structural or otherwise and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order, regulation, covenant or equivalent; and the Chargor shall cause its tenants, agents and invitees to comply with all of the foregoing at their own expense.

51. CONDOMINIUMS

If the Charge is of a unit within a plan of condominium, the following provisions shall apply:

(a) the Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration, the by-laws and the rules, as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the Charged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge;

(b) without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses required of the Chargor as the owner of the Charged Premises and in the event of the Chargor's default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the same rate from the time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby;

(c) the Chargor by the Charge irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the Charged Premises to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) the Chargee may at any time or from time to time give notice in writing to the Chargor and the said Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;

(ii) the Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor;

(iii) the exercise of the right to vote or consent shall not constitute the Chargee a chargee in possession.

52. RENEWAL OR EXTENSION

Provided that the Charge may be renewed or extended by an agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrancers, and it shall not be necessary to register any such agreement in order to retain priority for the Charge so altered over any instrument registered subsequently to the Charge. Provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Chargor. The Chargor and the Covenantor, if applicable, agree that in the event that the renewal agreement provided to the Chargor is not signed and returned to the Chargee on or before the maturity date, the Charge, at the Chargee's option, will be automatically renewed on the terms set out in the renewal agreement.

53. RECEIVERSHIP

Notwithstanding anything contained in the Charge, it is declared and agreed that any time and from time to time when there shall be default under the provisions of the Charge, the Chargee may, at such time and from time to time and with or without entry into possession of the Charged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term as used herein includes a receiver manager and also includes the plural as well as the singular) of the Charged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another instead of such receiver, and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

(a) every such receiver shall have unlimited access to the Charged Premises as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority (which power and authority shall not be revocable by the Chargor) to:

(i) collect the rents and profits from tenancies whether created before or after the Charge;

(ii) rent any portion of the Charged Premises which may be or become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(iii) complete the construction of any building or buildings or other erections or improvements on the Charged Premises left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(iv) manage, operate, repair, alter or extend the Charged Premises or any part thereof.

The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Charged Premises.

(b) the Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee;

(c) the Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Charged Premises;

(d) every such receiver shall be deemed to be the agent or attorney of the Chargor and, in no event, the agent of the Chargee and the Chargee shall not be responsible for the receiver's acts or omissions;

(e) the appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a chargee in possession of the Charged Premises;

(f) no such receiver shall be liable to the Chargor to account for monies other than monies actually received by the receiver in respect of the Charged Premises, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) the receiver's remuneration aforesaid;

(ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Charged Premises in priority to the Charge, including taxes;

(iv) to the Chargee all interest, principal and other monies due under the Charge to be paid in such order as the Chargee in its discretion shall determine;

(v) and thereafter, every such receiver shall be accountable to the Chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Charged Premises and shall bear interest from the date of demand at the Charge Rate.

(g) save as to claims for accounting under clause (f) of this paragraph, the Chargor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Chargor or any person claiming through or under the Chargor by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud;

(h) the Chargee may, at any time and from time to time, terminate any such receivership by notice in writing to the Chargor and to any such receiver;

(i) the statutory declaration of an officer of the Chargee as to default under the provisions of this Charge and as to the due appointment of the receiver pursuant to these terms shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers in the Charge provided for and such dealing shall be deemed, as regards such person, to be valid and effectual;

(j) the rights and powers conferred in and by the Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

54. CHARGEE EXPENSES

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to the Charge, and to any and all other documents required in connection therewith, and of any amendment, extension, variation or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any amount payable under the Charge including, without limiting the generality of the foregoing, all solicitors' fees on a solicitor and client basis, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Chargee thereon and all costs and expenses valuing the Charged Premises in connection with the foregoing and of anything done in connection with defending the validity or priority of the Charge as against third parties. The Chargor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Charge Rate and shall be a charge on the Charged Premises.

55. FURTHER ASSURANCES

The Chargor shall at any time and from time to time make, execute and deliver or cause to be made, executed and delivered to the Chargee, such further and other reasonable acts, deeds, conveyances and assurances as may be required by the Chargee to fully and effectually carry out the true intention and meaning of the Charge and the provisions included in the Charge, and the reasonable costs thereof shall be for the account of the Chargor. Further, the Chargor shall at any time and from time to time provide to the Chargee, upon request, and in a form acceptable to the Chargee, such further information and documentation as the Chargee may require regarding the Chargor's business and/or financial status.

56. INTERPRETATION

It is hereby agreed and declared that the expression "the Chargor" used in the Charge shall include the heirs, personal representatives, executors, administrators, successors and assigns of the Chargor and the expression "the Chargee" shall include the successors and assigns of the Chargee and the words in the singular include the plural and words in the plural include the singular and words importing the masculine gender include the feminine and neuter genders where the context so requires and that all covenants, liabilities, and obligations entered into or imposed under the Charge upon each Chargor shall be equally binding upon his, her, its or their respective heirs, executors, personal representatives, administrators, successors and assigns and that all such covenants, liabilities, advantages, privileges, immunities, powers and things secured to the Chargee shall be equally secured to and exercisable by its successors and assigns; and if the Chargor is comprised of more than one person, all covenants by the Chargor contained in the Charge or implied are and are to be construed as both joint and several.

57. CONFLICT

In the event of any conflict or inconsistency between the terms and provisions of these standard charge terms and the terms and provisions of the registered Charge or any commitment letter issued by the Chargee and accepted by the Chargor (the "Commitment"), the terms and provisions of the registered Charge and Commitment shall prevail.

58. ASSIGNMENT AND SYNDICATION

The Chargee shall, at any and all times and from time to time, have the right to assign all or any part of its right, title and interest in and to the Charge to another financial institution or institutions (individually and collectively, the "Assignee") without the necessity of obtaining the consent of or providing notice to the Chargor. The Chargor hereby acknowledges that the Chargee has the unfettered right to syndicate the Chargor's loan to the Assignee and also acknowledges and consents to the Chargee sharing with the Assignee such information concerning the Chargor's financial position and other personal information as the Chargee may possess in its files.

59. PARAGRAPH HEADINGS

The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

60. DATE OF CHARGE

The Charge shall be deemed to be dated, if the Charge is an ERS Charge, as of the date of delivery for registration of the ERS Charge and, if the Charge is a Form 2 Charge, as of the date of signature of the first named Chargor unless, in either case, as otherwise specifically provided.

61. EFFECT OF DELIVERY OF ERS CHARGE

The delivery of an ERS Charge for registration by direct electronic transfer shall have the same effect for all purposes as if the ERS Charge was in a written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor, and any other party to the Charge agrees not to raise in any proceedings by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the ERS Charge for registration to do so.

DATED the 11 day of April, 2006.

UNITED COMMUNITIES CREDIT UNION LIMITED
by their solicitors
Harrison Pensa LLP

Per: ______________________________
L. Michele Mannering

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200616 Cote

CHARGE TERMS

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS FOR COLLATERAL MORTGAGES

ROYAL BANK OF CANADA

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200617 Cote
Filing Date Apr. 25, 2006 Date de Dépôt
Page 1 of/de 21 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Filed by:

ROYAL BANK OF CANADA

Filing Date:

Filing Number:

The terms of this set of standard charge terms are included in every Charge/Mortgage of Land in which this set of standard charge terms is referred to by its filing number, as provided by Section 9 of the *Land Registration Reform Act* (Ontario).

This document sets out important terms which apply to the Mortgage and are actually part of the Mortgage. We recommend that you read it carefully. You may want to discuss the terms of the Mortgage with a lawyer.

This document describes the financial institution which is lending money to the Customer as "we" or "us".

This document describes the person who is being loaned the money as the "Customer", and the person who is giving the Mortgage on your Property as "you". In some circumstances, you may be the same person as the Customer, in other circumstances you may not be the same person as the Customer.

We are lending money to or providing other forms of credit to the Customer and we protect our interests by way of the Mortgage you are giving on your Property. The Mortgage gives us certain rights if the Customer does not do what the Customer promises to do or if you do not do what you promise to do. The specific terms that apply to the Mortgage (for example, the Interest Rate) are set out in a document that you sign or that you authorize and that is registered, either in paper or electronically. We call that document the Registered Mortgage.

Generally, when a word is capitalized, the word is defined in Section 1.

SECTION 1 – TERMS YOU NEED TO KNOW

In this document, the terms below have the following particular meanings:

(1) ***Costs*** means all of our expenses and costs, including legal fees, that will compensate and fully reimburse us for everything we have to spend, to:

- (a) prepare and register the Registered Mortgage;
- (b) advance and secure the Principal Amount;
- (c) investigate title to your Property;
- (d) pay a title insurance premium;
- (e) collect the Outstanding Amount;
- (f) enforce the terms of the Mortgage or exercise any of our rights under the Mortgage, including efforts to make you keep your Promises;
- (g) take and keep possession of your Property;
- (h) repair or improve your Property;

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(i) do anything which you promised to do but did not do;

(j) prepare and give you a discharge of the Mortgage when you are entitled to it under Section 11; and

(k) protect our interests in any other way.

(2) ***Customer*** means the person who owes us money (either now or in the future), and is named in Recital (A) of the Schedule to the Registered Mortgage. The term ***Customer*** may include you, if you owe us money and you have agreed that your obligation to repay the money will be secured by the Mortgage.

(3) ***Customer Liabilities*** means all debts and other obligations the Customer owes to us (either now or in the future), including:

(a) all the Customer's debts and obligations, whether the debts are owing now or in the future, whether the debts are absolute or contingent, and whether they are due now or at some time in the future;

(b) any extensions, renewals or amendments of the debts or obligations;

(c) debts and obligations incurred or arising inside Canada or anywhere else;

(d) debts and obligations incurred with others; and

(e) obligations the Customer incurred either as a principal debtor or as a guarantor or surety.

If the Customer Liabilities are reduced, or increased, or paid off, and then incurred again, the Customer Liabilities include all of those liabilities, up to the Principal Amount.

(4) ***Default*** refers to one or more of the events described in Section 7.1(1) occurring.

(5) ***Hazardous Substances*** has the meaning given to it in Section 6(1)(e).

(6) ***Interest Rate*** means the annual rate of interest, as shown in Section 3 of the Schedule to the Registered Mortgage.

(7) ***Mortgage*** means the legal agreement between you and us, whether in electronic or paper form, and includes the Registered Mortgage, this set of standard charge terms, any other documents attached as schedules, and any document renewing, amending or extending the legal agreement.

(8) ***Mortgage Default Insurer*** means Canada Mortgage and Housing Corporation or any other institution that provides mortgage default insurance to lenders.

(9) ***Outstanding Amount*** means the total amount of:

(a) Customer Liabilities, remaining to be paid, not to exceed the Principal Amount, from the date we demand payment;

(b) plus interest on the amount demanded at the Interest Rate;

(c) plus compound interest at the Interest Rate;

(d) plus all Costs we have incurred.

(10) ***Prime Rate*** means the annual rate of interest announced by Royal Bank of Canada from time to time as a reference rate for determining interest rates on Canadian dollar commercial loans in Canada. Our notices of the Prime Rate will be conclusive.

(11) ***Principal Amount*** means the amount shown in Section 2 of the Schedule to the Registered Mortgage, which is the maximum amount of Customer Liabilities secured by the Mortgage.

(12) ***Promises*** means everything that you agree to do under the Mortgage, when it is required to be done and everything that you confirm and certify.

(13) ***Property*** means the land described in the Registered Mortgage and the buildings and structures now on the land or that may be constructed later and any rights associated with the land. It also includes any building, addition, attachments or fixtures (fixtures includes things such as furnaces) to the land or the buildings, now or in the future. In the case of a leasehold title, it also includes your interest in the lease, except for the last day of the term of the lease, and any other interest, right, option or benefit set out in the lease.

(14) ***Property Taxes*** means all present and future property taxes, rates, assessments, administration fees, local improvement charges, and other amounts charged by any taxing authority on your Property. It includes interest and penalties charged by any taxing authority.

(15) ***Registered Mortgage*** means for the non-electronic paper-based registration system, the Form 2 Charge/Mortgage of Land that you sign to give the Mortgage, or for the electronic registration system, the Charge/Mortgage of Land that you authorize, which is prepared in an electronic format and registered electronically under Part III of the *Land Registration Reform Act* (Ontario).

(16) ***We*** means the financial institution lending money or providing other forms of credit to the Customer, which is the same as the mortgagee under the Mortgage. It will also include any Mortgage Default Insurer, where applicable. If we transfer the Mortgage, the person to whom we transfer it will also be included in the term "we". The definition of "we" also includes "us" and "our".

(17) ***You*** means the person who signs or authorizes the Mortgage and agrees to be bound by its terms. The definition of "you" also includes "your".

In these standard charge terms, when we use words such as "includes" or "including" followed by a list, we mean that the listed items are just some examples of what we are referring to, but there may also be other examples that we have not listed.

SECTION 2 - HOW THE MORTGAGE WORKS

In return for our lending the Customer money or providing other forms of credit to the Customer, from time to time:

(1) You grant a mortgage of your entire interest in your Property to us. This means the Mortgage is a charge on your Property and you have mortgaged your entire interest in your Property to us.

(2) By giving the Mortgage you grant and mortgage any additional or greater interest in your Property that you may acquire in the future. For example, if you are only leasing your Property and later buy it outright, the Mortgage covers your interest as the owner of the Property.

(3) You release your claim on your Property until you have kept all your Promises, the Outstanding Amount has been paid and we have no further obligation to make further advances to the Customer.

(4) You make certain Promises which you must keep and not break.

(5) You can stay in possession of your Property as long as you keep your Promises and we have not demanded payment of the Outstanding Amount from you. If you break your Promises, we have rights against you and your Property, including our rights under Sections 7.3(1)(i) and 7.3(1)(e) and by law to possess and sell your Property.

(6) You will pay us the Outstanding Amount, on demand and:

  (a) Unless we have a right to demand repayment of the Customer Liabilities or you fail to keep any of your Promises, we will not demand payment from you;

  (b) After we have demanded payment, you must pay interest at the Interest Rate on the amount demanded until we receive full payment;

(c) All payments must be made in Canadian dollars; and

(d) Payment can be made at any of our branches or where we tell you to make a payment in a demand letter.

(7) Our interest in your Property ends when the Outstanding Amount has been paid, we have no further obligation to make further advances to the Customer and you have kept all of your Promises. At that time, you can have a discharge of the Mortgage, which shows third parties that we no longer have any interest in your Property. Section 11 tells you what you must do to get a discharge.

(8) You promise to sign any additional documents that we ask for and to do everything else we ask you to do to protect our interest in your Property.

(9) The fact that you have given us the Mortgage and we have registered it in the land registry office does not oblige us to advance or readvance any funds to the Customer.

SECTION 3 - WHAT THE MORTGAGE COVERS

(1) At our request, you are giving us the Mortgage to secure the repayment of the Customer Liabilities and the performance of your Promises.

(2) You and we agree that the Mortgage will secure the repayment of all of the Outstanding Amount and that no part of the Customer Liabilities will be unsecured.

(3) You and we agree that the Mortgage is (and will continue to be) security in our favour to secure the payment of the Outstanding Amount and to ensure that you keep your other Promises.

(4) The Mortgage will still be valid and will not be in any way affected by:

(a) any change in the amount, nature or form of the Customer Liabilities;

(b) any change in any accounts relating to the Customer Liabilities;

(c) any change to the rate of interest applicable to all or part of the Customer Liabilities;

(d) any change to any agreements concerning the Customer Liabilities;

(e) the reduction of the Customer Liabilities at any particular time even if the Customer Liabilities are reduced to zero; or

(f) any subsequent advances to the Customer.

The Mortgage will not be considered to have been released, discharged or redeemed because of any of these events.

If the Customer has a revolving line of credit, credit card account or similar account where the balance fluctuates, we do not consider the Mortgage to be discharged or released even if the balance goes down to zero. In that case the Mortgage continues to secure any further amounts borrowed by the Customer, from time to time.

(5) Your Promises will not be affected by any of the following:

(a) if you or the Customer become disabled, legally incapacitated or die;

(b) if you or the Customer become bankrupt or insolvent; or

(c) if the Customer is a corporation, by:

(i) its dissolution or continuance;

(ii) its merger or amalgamation into some other corporation or legal entity; or

(iii) any change in its name.

(6) Nothing in the Mortgage affects or delays our other remedies concerning the Customer Liabilities.

(7) Your Promises in the Mortgage will not affect any other dealings with us, or change any other debts or liabilities owed to us, or affect anything that secures those debts or liabilities, whether involving you or anyone else.

(8) Nothing in the Mortgage affects our rights in relation to those other dealings, debts or liabilities.

SECTION 4 – WHAT YOU PROMISE TO DO OR NOT TO DO

(1) You promise to pay the Outstanding Amount when we demand that you pay it.

(2) You promise to keep your other Promises.

(3) You promise that the Mortgage will continue to function as our security to ensure that the Outstanding Amount is paid and you keep your other Promises.

(4) You promise not to further mortgage your Property without our consent.

(5) You promise to pay all of our Costs. These Costs will:

- (a) be added to and be part of the Outstanding Amount;
- (b) be payable on demand;
- (c) bear interest at the Interest Rate until fully paid; and
- (d) be secured by the Mortgage, in the same priority as the Outstanding Amount.

(6) You promise to comply with all laws and orders that affect your Property, including those concerning zoning, land use and environmental protection.

(7) You promise to pay all Property Taxes on your Property as they fall due and to give us acceptable evidence, when we ask, that you have paid them. If you do not pay all Property Taxes when they are due, we can pay the unpaid Property Taxes. If we pay unpaid Property Taxes, you promise to pay to us the amount we paid when we ask.

(8) Unless we consent, if you sell or transfer your Property then, at our option, we can treat this as a Default, and you must pay us the Outstanding Amount. Our rights against you or anyone else who is liable are not affected even if we consent to the sale or decide not to demand payment of the Outstanding Amount.

SECTION 5 - YOU PROMISE TO PAY INTEREST

5.1 Paying Interest

You promise to pay interest on the amount demanded at the Interest Rate, from the date we demand payment, calculated monthly not in advance, both before and after Default and judgment, until the Outstanding Amount has been paid in full.

The Interest Rate is set out in Section 3 of the Schedule to the Registered Mortgage.

5.2 Variable Interest Rate

If the Interest Rate is based upon the Prime Rate (as it changes from time to time) plus a premium or minus a discount, as shown in Section 3 of the Schedule to the Registered Mortgage, the Interest Rate is a variable rate that changes automatically when the Prime Rate changes. We will not give you notice of any change in the Prime Rate.

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5.3 Fixed Interest Rate

If the Interest Rate is a fixed rate, it is shown in Section 3 of the Schedule to the Registered Mortgage.

5.4 Compound Interest

(1) If you do not pay any interest when due under the Mortgage, we will add the overdue interest to the amount you owe and charge you interest on the combined amount until it is paid. This is called compound interest. We calculate compound interest at the Interest Rate using a monthly compounding period. You promise to pay this compound interest, both before and after Default and judgment, until the Outstanding Amount is paid. You promise to pay this interest immediately when we ask you to pay it.

(2) If you do not pay the compound interest, we will add the compound interest to the amount you owe and charge you interest at the Interest Rate on the combined amount. We will also charge you interest on the compound interest at the Interest Rate. You promise to pay this interest both before and after Default and judgment, until the Outstanding Amount is paid. All overdue interest and compound interest is part of the Outstanding Amount. You promise to pay this interest immediately when we ask you to pay it.

SECTION 6 - YOU CONFIRM

(1) You promise and confirm that:

- (a) (i) You own your Property, you have the right to give the Mortgage and you mortgage your entire interest in your Property to us;
  - (ii) There are no limitations or restrictions on the title to your Property, except those disclosed to us in writing and that we have approved; and
  - (iii) Title to your Property is subject only to:
    - (A) those interests filed in the land registry office at the time you give us the Mortgage;
    - (B) any unregistered interests we have approved; and
    - (C) zoning and building by-laws, with which you have complied;
- (b) You release all claims on your Property to us until, the Outstanding Amount has been paid, we have no further obligation to make further advances to the Customer and you have kept all your other Promises;
- (c) You will pay all of the Outstanding Amount to us when we demand payment and keep all of your other Promises, as provided in the Mortgage;
- (d) You will, at your own expense, sign any documents and do anything we ask to ensure that all your interest in your Property has been mortgaged to us and that the Outstanding Amount is adequately secured by your Property;
- (e) As far as you know, no part of your Property or of any adjoining land is, has ever been, or will in the future be, used to manufacture, store or otherwise deal with any Hazardous Substances except in compliance with all applicable laws, regulations and orders. As far as you know, no part of your Property contains, has ever contained or will, in the future, contain any Hazardous Substance, which may lower your Property's value, or adversely affect its sale;

  Hazardous Substances means any substance or mixture of substances which may be detrimental to the environment or human health including all substances, chemicals or materials, declared to be hazardous or toxic under any law, regulation or by-law enacted by any legislative, governmental or regulatory body which has jurisdiction over your Property; and

(f) No environmental authority or anyone else has commenced or threatened an investigation, claim, action or proceeding concerning the environmental condition of your Property.

(2) If any circumstances change on your Property which would make any of these statements untrue, you promise to give us notice immediately in writing.

(3) You promise that you will indemnify us (including our directors, officers, employees and agents) from any costs, damages, expenses and legal fees, that result from a breach of any of your environmental Promises or that result from any environmentally harmful material being present. This means that you promise to compensate us and fully reimburse us for all that we spend. This indemnity survives the discharge or release of the Mortgage.

(4) Nothing in the Mortgage will affect the obligations owed to us by any third party.

(5) Our ability to enforce our security for any other obligation you owe or the Customer owes will not be affected, prejudiced or delayed because we have accepted the Mortgage.

(6) We can allocate any payments received concerning the Mortgage (including interest and amounts realized from any other security) or concerning the Customer Liabilities as we see fit. We can, if we so choose, hold the payments in a separate account.

(7) If we choose to, we may take any of the following actions without affecting our rights under the Mortgage.

(a) give you more time to pay or keep any of your Promises;

(b) give the Customer more time to pay or keep any promises;

(c) agree not to enforce our rights under the Mortgage or at law;

(d) release or discharge you from some or all of your Promises;

(e) release or discharge the Customer from some or all of the Customer's promises;

(f) take other security or guarantees for the Customer Liabilities;

(g) decide not to take other security or guarantees;

(h) accept an arrangement for the payment of Customer Liabilities; or

(i) deal with you, and with anyone else, or with guarantors, as we choose.

SECTION 7 - ENFORCING OUR RIGHTS

7.1 Defaults

(1) A "Default" occurs if:

(a) you fail to pay the Outstanding Amount (this includes the Customer Liabilities) when we demand payment;

(b) you do not keep any of your other Promises;

(c) you default under any prior encumbrance referred to in Section 8.2;

(d) you become insolvent or bankrupt; or

(e) your Property is abandoned or is left unoccupied so that your insurance policy could be cancelled.

(2) Not keeping your Promises includes breaking or not keeping your Promises in any way.

7.2 Our Rights if You Default

(1) If you do not keep your Promises, then if we choose:

(a) the Outstanding Amount will immediately become due and payable; and

(b) we may spend money to do anything you promised to do, but did not do.

7.3 Results of a Default

(1) If a Default occurs, in addition to any other rights we may have, we can, if we choose and subject to the applicable law, do any one or more of the following, in any order we choose:

(a) ***Demand Payment*** – demand that you immediately pay us the Outstanding Amount;

(b) ***Sue You*** – take action in court to make you pay the Outstanding Amount or make you keep your Promises;

(c) ***Take Rental Payments*** – take the money you are to receive under a lease or other form of tenancy agreement for the use of your Property. This means the tenant will be required to pay the rent to us. We may apply any rents paid to us to reduce any part of the Outstanding Amount;

(d) ***Lease Your Property*** – if a Default continues for 15 days, and on 15 days notice to you, enter on and lease your Property. We may apply the net rent to reduce any part of the Outstanding Amount. You must pay us the difference between the net rent and the Outstanding Amount;

(e) ***Sell Your Property*** – if a Default has continued for 15 days, we may enter your Property and, on at least 35 days prior notice in writing to you (and any other party entitled to notice as required by Part III of the *Mortgages Act* (Ontario), sell your Property or any part of your Property and:

  (i) We can sell by public auction or private sale, or partly by one way and partly by the other;

  (ii) We can sell all or part of your Property for cash or on credit, or partly for cash and partly on credit, and otherwise on whatever terms we negotiate;

  (iii) If we sell on credit, we will not be required to reduce the Outstanding Amount, or pay any sale proceeds to you in any situation where you are entitled at law to receive them, until we receive payment of the Outstanding Amount;

  (iv) We may also buy your Property ourselves, or terminate or amend any agreement we enter into for the sale of your Property and resell it if we choose;

  (v) After we sell your Property in the manner outlined above, we will use the money we receive from the sale to pay:

    (A) any amounts required to be paid to any party with a higher ranking interest or right in your Property than ours;

    (B) any auctioneer's fees or real estate agent's commission;

    (C) all adjustments usually made on the sale of property;

    (D) the Outstanding Amount;

    (E) any amounts owed to any party holding a mortgage, lien or other security on your Property with a lower ranking interest or right in your Property; and

(F) any surplus to you.

We may make these payments in any order we choose; and

(vi) After payment of the amounts referred to in paragraphs 7.3(1)(e)(v)(A) to (E) above, if the remaining money is not enough to pay all the Outstanding Amount, you promise to pay the remaining unpaid Outstanding Amount to us when we demand it;

(f) ***Court Sale*** – apply to the court for an order for the sale of your Property under the supervision of the court. If the net proceeds of sale are not enough to pay the Outstanding Amount, you promise to pay the remaining unpaid Outstanding Amount to us when we demand it;

(g) ***Foreclose*** – apply to the court to foreclose your interest in your Property, so that when the court makes its final order of foreclosure, all your interest in your Property will be absolutely transferred to, and belong to, us and you will no longer have any interest in your Property;

(h) ***Appoint a Receiver*** – appoint a receiver (which includes a receiver and manager appointed by either us or a court) to collect any income from your Property or take any other action concerning your Property which we could take and:

(i) We will appoint a receiver by giving you notice in writing;

(ii) We can also remove a receiver and appoint a new receiver to replace one that we have appointed;

(iii) The receiver will be your agent, not ours, and you alone will be responsible for all of the receiver's acts or omissions. If the receiver defaults, its actions will be considered to be solely your actions;

(iv) Nothing that the receiver does will cause us to be considered to be in possession or control of your Property or to be considered to be managing your Property;

(v) We will not be accountable for any money received by the receiver, except to the extent that we actually receive it;

(vi) The receiver may use every available remedy that we have under the Mortgage, including:

(A) having unlimited access to your Property;

(B) collecting income from your Property;

(C) taking possession of all or part of your Property and managing your Property;

(D) keeping your Property in good condition;

(E) finishing any buildings under construction on your Property, or completing any construction or improvements;

(F) leasing your Property, on any terms the receiver considers appropriate; and

(G) selling your Property;

(vii) From the income collected from your Property, or the proceeds of the sale of your Property, the receiver may:

(A) pay all rents, Property Taxes, utility charges, insurance premiums, maintenance expenses, construction expenses, applicable interest, and other expenses required to keep your Property in good condition;

(B) pay all amounts required to keep in good standing any charge or liability to which your Property is subject and which has priority over the Mortgage;

(C) repay any money it has borrowed for the purposes of your Property, including interest and any penalties on borrowed money;

(D) pay any amounts required to be paid to any party with a higher ranking interest or right in your Property than ours;

(E) pay its own compensation as receiver;

(F) pay any costs or expenses spent to collect the income;

(G) pay all costs concerning any leasing or sale of your Property; and

(H) pay any part of, or all of, the Outstanding Amount;

(viii) We may grant the receiver whatever rights or powers we choose; and

(ix) You promise to ratify and confirm whatever the receiver does on your Property;

(i) ***Take Possession*** – take possession of your Property, without any interference by you or anyone else living on your Property, and free from any other mortgages, charges, liens or easements, limitations or restrictions that we did not approve and:

(i) If we take possession, we can ask you to leave your Property with all your personal property. If you do not leave, the court will order you to leave and if you refuse, the court will have you forcibly removed. Once in possession, we may do anything we consider necessary to:

(A) inspect, collect rents, manage or lease your Property;

(B) complete the construction of any building on your Property;

(C) repair any building on your Property; or

(D) take any other action permitted under the Mortgage or by law;

(ii) If we take possession, we will not be responsible for maintaining and preserving your Property. We will only account to you for any money we actually receive in connection with the Mortgage or your Property;

(iii) If you vacate your Property, we may dispose of personal property abandoned on your Property, and we do not have to account to you for the proceeds;

(iv) We can assume that you have abandoned any personal property that remains on your Property for a period of 15 days after we or a receiver take possession of your Property;

(v) We may remove, store, dispose of or otherwise deal with abandoned personal property as we choose; and

(vi) We may also recover from you the cost of removal, storage and disposal of abandoned personal property, and if you do not pay, those costs will be added to the Outstanding Amount and will be secured by the Mortgage; and

(j) *Other Action* – take any other necessary action to take, recover and keep possession of your Property.

7.4 Non-interference

(1) If we take possession of your Property, you promise not to do anything to interfere with our possession.

(2) Your Promise to refrain from interfering with our possession also extends to any receiver we may appoint or to any person to whom your Property may be leased or sold.

(3) You promise not to make any claim against any person to whom your Property may be leased or sold.

7.5 Remedies after a Court Order

(1) Even if we obtain judgment against you, the judgment will not operate as a merger or cancellation of your Promises. This means:

(a) You must still keep your Promises;

(b) We may continue to use the remedies described in the Mortgage to make you keep your Promises; and

(c) We will be entitled to continue to receive interest and compound interest at the Interest Rate on the Outstanding Amount until the judgment is paid in full.

(2) If we obtain judgment against the Customer for the Customer Liabilities, the judgment will not operate as a merger or cancellation of your Promises. This means we may continue to use the remedies in the Mortgage to make you keep your Promises.

7.6 Set-Off

You promise that all payments made to us when we demand payment of the Outstanding Amount in full without any set-off or counterclaim and without any deductions or withholdings. For example, even if we owe you or the Customer money, you cannot deduct that amount from the payment that you have to make to us.

7.7 Delay in Enforcing our Rights

If a Default occurs, and we do not exercise any of our rights or do not ask you to remedy the Default, we are not prevented from making you remedy the Default later or exercising any of our rights concerning that Default or any later Default.

7.8 How We Make Demand

When we refer to making demand in the Mortgage, we mean giving you notice in writing requiring you to pay or take some other action immediately.

7.9 Legal Fees and Expenses

When we say that you will compensate and fully reimburse us for our legal fees and expenses this means that you will pay our legal fees and expenses on what is known as a "solicitor and own client" basis.

SECTION 8 – PAYING OFF OTHER INTERESTS

8.1 Claims or Liens

(1) You promise not to allow any construction lien to remain undischarged on the title to your Property for more than 30 days, unless you:

(a) diligently dispute the validity of the construction lien by taking all necessary legal steps to do so;

(b) give us reasonable security by depositing money, bonds or other types of security to pay the construction lien and associated legal costs in full, including compensating us and fully reimbursing us for our legal costs; and

(c) authorize us to use the security to pay the construction lien and any of our legal and other costs and those of the lien claimant in full, if the construction lien is found to be valid.

(2) We can pay off the claims of other creditors who have an interest in your Property. These may include construction and other liens, government claims or encumbrances.

(3) If we pay off a claim, you promise to pay the amount of the claim to us when we ask.

(4) Any amount we pay to the other creditor that you do not repay will be added to the Outstanding Amount.

8.2 Prior Encumbrances

(1) You promise to pay any money which, if not paid, would result in a default under any mortgage or claim that has a higher ranking interest or right in your Property than the Mortgage or that may result in the sale of your Property if not paid.

(2) You promise to pay and cause to be discharged any other mortgages, charges, liens, security interests, claims or other interests, which we are not willing to have remain on your Property.

(3) If you fail to keep any promises in any other mortgage that binds your Property (meaning you have defaulted under the other mortgage), the Outstanding Amount will, if we so choose, become payable immediately, and we can exercise all our rights under the Mortgage and by law.

(4) We can, if we choose, pay off any mortgages, charges, interests, claims or liens that have priority over the Mortgage, including Property Taxes, utility charges, construction liens, or any amounts payable to any condominium corporation.

(5) When we pay off any amounts, we will have all the rights and security of the persons whose interest we paid off. We may retain any assignment or discharge of such debt, if we so choose. We do not have to register the assignment or discharge, if we do not choose to.

(6) Any amount we pay on your behalf will be added to the debt that is secured by the Mortgage, be secured by the Mortgage in the same priority to ensure repayment, and will bear interest at the Interest Rate after demand for payment. You promise to pay this amount immediately when we ask you to pay it.

(7) If you do not pay any of these amounts when we demand that you pay them, this will be a Default under the Mortgage and we then can exercise all our rights under the Mortgage and by law.

SECTION 9 – INSURING YOUR PROPERTY

(1) You promise to maintain adequate insurance on your Property until the Outstanding Amount has been paid in full.

(2) The insurance must be with a licensed insurance company and must be for the full replacement value of your Property in Canadian dollars. The insurance policy must contain mortgage clauses approved by The Insurance Bureau of Canada. These clauses must provide that loss proceeds are payable to us first, and we have the first right to receive the loss proceeds and to have a first lien on them. You must also assign your insurance policy to us.

(3) The insurance policy must cover all buildings on your Property, whether before, during or after construction, and all fixtures attached to the buildings or your Property.

(4) The insurance policy must protect against the following risks: fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke and falling objects.

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(5) We may also require that other risks be covered, depending on the nature or location of your Property.

(6) You promise, if we ask, to give us a certified copy of your insurance policy and evidence that it has been renewed not less than 15 days before the policy expires.

(7) We can, if we choose to, place and pay for any insurance policy if you fail to. Any money which we pay for insurance will be immediately payable by you to us, and will be added to the Outstanding Amount if not paid.

(8) If any loss or damage occurs, you will, at your expense, immediately do everything necessary to allow us to receive the insurance proceeds.

(9) If we show an insurance company a copy of the Mortgage, this will be sufficient authority for it to pay the proceeds to us. You direct the insurance company to pay the proceeds to us.

(10) Insurance proceeds may, as we choose, be:

(a) used to repair or rebuild your Property;

(b) used to repay any part of the Outstanding Amount, whether due or not; or

(c) paid to you,

in whole or in part.

SECTION 10 – SAFEGUARDING THE VALUE OF YOUR PROPERTY

10.1 Your Promises to Maintain Your Property

(1) You promise:

(a) To keep all of the buildings and improvements on your Property in a good condition and state of repair and to repair them as we require. If you do not make the repairs when we ask, we can make whatever repairs we think are needed. You must immediately pay the costs of any repairs we make and of any inspections. If you do not pay those costs, we will add them to the Outstanding Amount;

(b) You will not tear down any building or structure, or part of any building or structure, on your Property without our approval;

(c) You will not do, or let anyone else do, anything that may reduce the value of your Property;

(d) You will not construct, alter or add to any buildings or improvements on your Property without our approval and, if the Mortgage is insured by a Mortgage Default Insurer, without its approval. Also:

(i) Any construction or renovation must meet all applicable construction standards, building codes and municipal or government requirements;

(ii) You must build or renovate using only new materials and according to the plans and specifications we have approved and, if the Mortgage is insured by a Mortgage Default Insurer, it must approve the plans and specifications;

(iii) You agree to carry out the construction only in accordance with the approved plans and specifications;

(iv) You will provide us, and any Mortgage Default Insurer, with any information or material, such as plans, specifications, building permits, insurance and like information, that we require to decide whether to give approval or not;

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(v) We and any Mortgage Default Insurer, may set certain requirements which you must comply with as a condition of giving approval; and

(e) Only after we and any Mortgage Default Insurer have given approval, will you then demolish, if required, and start on the construction or renovation. You promise to complete the work as quickly as possible. You promise that you will not stop construction or let work remain unfinished for more than 20 days. If money is advanced under the Mortgage to pay for the construction or renovation, amounts may be held back from the advance, if required by law.

10.2 Our Right to Inspect Your Property

(1) We may at any reasonable time inspect your Property, including the buildings or structures. We may also use an agent to inspect your Property. Inspections may include environmental testing, site assessments, investigations and studies.

(2) If the Mortgage has mortgage default insurance, the Mortgage Default Insurer and its agents can also inspect your Property.

(3) You promise to pay for the costs of the inspection including any tests or studies, immediately when we demand that you do so. If you do not pay the costs, we may add the costs to the Outstanding Amount.

10.3 Authorization to Enter Your Property

You authorize us and, if the Mortgage is insured, the Mortgage Default Insurer, to enter your Property at all reasonable times to inspect, repair or conduct tests, but we will not be considered to be in possession, control or considered to be managing your Property simply because we or the Mortgage Default Insurer exercised this right.

SECTION 11 – GETTING A DISCHARGE

11.1 Full Discharge

(1) If you meet the conditions in this Section, you can get a discharge of the Mortgage, which shows third parties that we no longer have any interest in your Property.

(2) We will discharge the Mortgage when:

(a) You have paid all amounts owing as and when required under the Mortgage;

(b) You have kept all other Promises under the Mortgage;

(c) We have no further obligation to make further advances to the Customer or we have agreed that you are no longer liable for the Customer Liabilities; and

(d) You have paid our fee to administer the payment and any costs to prepare and register the discharge.

(3) If we fully discharge the Mortgage we will no longer be entitled to enforce our rights under the Mortgage. We will not give you notice if we intend to discharge the Mortgage.

(4) We will prepare the discharge and register it, if we choose to. If we register the discharge, we will send you a letter telling you it has been registered.

11.2 Partial Discharge

(1) We may release our interest in all or any part of your Property, if we choose, from being security for the Outstanding Amount and:

(a) We can do this whether or not we receive any payment;

(b) We will only be accountable to you for a payment we actually receive; and

(c) If we receive a payment, we will apply it to the Outstanding Amount.

(2) If we release our interest in part of your Property:

- (a) The part remaining will continue to secure the Outstanding Amount;
- (b) Your Promises will continue unchanged; and
- (c) The release will not affect any other security or your Promises.

SECTION 12 – OTHER SECURITY

12.1 The Mortgage is Additional Security

(1) The Mortgage supplements and does not replace any other security we hold for any debt or other liability of you or the Customer.

(2) You agree that we may pursue our remedies, either at the same time, or one remedy at a time, as we choose.

(3) The fact that we do obtain a judgment or other remedy under a particular security for the money secured by the Mortgage will not affect our rights to enforce any other security.

12.2 Consolidation

Our right of consolidation applies to the Mortgage and to any other mortgages you give us. This means that if you default under any of your mortgages to us, then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

SECTION 13 – IF THIS IS A CONDOMINIUM MORTGAGE

(1) If your Property is a condominium unit, "Property" includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation, and references to the "Property" mean all or any part of it.

(2) If your Property is a condominium unit, you promise to meet these obligations, in addition to your other Promises under the Mortgage:

- (a) You will comply with the *Condominium Act* (Ontario) and the declaration, by-laws and rules of the condominium corporation. You will provide proof of compliance, if we ask you to;
- (b) You will pay the common expenses and special assessments for your Property to the condominium corporation on the due dates. You will provide proof of payment, if we ask you to;
- (c) We have the right to give you notice that we will collect your contribution to the common expenses or a special assessment from you and you agree to make that payment. We can accept a statement from the condominium corporation as conclusive evidence of how much is owed for common expenses or a special assessment and when it must be paid;
- (d) You will forward to us any notices or assessments from the condominium corporation;
- (e) You will maintain all improvements made to your Property in good condition and state of repair;
- (f) You will repair your Property after damage;
- (g) You will not sell or transfer any parking or storage unit that forms part of your Property while still retaining ownership of the living accommodation. If you sell or transfer the living accommodation to someone, you will also sell or transfer the parking or storage unit to them;
- (h) You will ensure that the condominium corporation complies fully with:

  (i) The terms of all insurance policies on the condominium or held by the condominium corporation;

  (ii) All obligations imposed by the *Condominium Act (*Ontario);

  (iii) The by-laws and rules of the condominium corporation; and

  (iv) The insurance provisions of the declaration of the condominium corporation;

(i) You will carry adequate insurance and:

  (i) This means you must insure all improvements made to your Property;

  (ii) The insurance policy must cover your Property against destruction or damage by fire and by other perils usually covered in fire insurance policies, as well as those perils listed in Section 9; and

  (iii) You must obtain insurance for any additional risks that we require;

(j) The policy must cover your Property for its full replacement cost, which means the maximum amount for which it can be insured;

(k) You will insure the common or other interest in both planned and existing buildings, which form part of the condominium property if the condominium corporation fails to insure them;

(l) You will assign your insurance policies to us. As far as it is legal to do so, you will assign your interest in any insurance policies held by the condominium corporation;

(m) You will provide us with proof that the insurance for the condominium corporation and your insurance is in force. If the policy is renewed or replaced, you must inform us at least thirty days before the insurance expires

(n) You will do everything that is necessary to collect any insurance proceeds;

(o) You authorize us, in your name and on your behalf, at all times, to exercise your rights under the *Condominium Act* (Ontario) to vote at any meeting of the condominium corporation, and to consent to anything having to do with the management, sale or other dealings with the property or the assets of the condominium corporation and:

  (i) This authorization includes voting on or any consent to the termination of the condominium corporation;

  (ii) In exercising these rights, we can choose not to vote or consent at any particular time or on any particular issue;

  (iii) If we do vote or consent for you, we do not as a result become a mortgagee in possession. We are not responsible to protect your interests. We are also not responsible for the way we vote or consent, or if we fail to do so;

  (iv) Our right to vote and consent will be effective when we give you and the condominium corporation notice that we intend to vote or consent; and

  (v) Any notice we may give may be for an unlimited or fixed period of time, or for a specific meeting or matter; and

(p) If we choose, the Outstanding Amount will become payable immediately if:

  (i) Your Property is no longer governed by the condominium corporation under the *Condominium Act* (Ontario). This means your Property is no longer part of a condominium;

(ii) The unit owners vote to authorize the sale of all or any material part of the property of the condominium corporation, including a material part of its common elements;

(iii) The condominium corporation fails to comply with the *Condominium Act* (Ontario) or the declaration, by-laws or rules and regulations of the condominium corporation;

(iv) The condominium corporation fails to:

(A) insure the units and common elements against destruction or damage by fire and other perils usually insured against, for full replacement cost, which means the maximum amount for which it can be insured;

(B) insure all the condominium units and common elements as required by law and any additional requirements we may have; or

(C) do all that is necessary to collect insurance proceeds; and

(v) The condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair.

SECTION 14 – IF THIS IS A LEASEHOLD MORTGAGE

(1) If you rent or lease your Property from someone else, you certify that:

(a) You lease your Property under a valid lease, you have given us a copy of that lease and you have good leasehold title to your Property;

(b) You have paid all rents and other payments required under the lease and you have kept all of your other promises in the lease, up to the date you sign or authorize the Mortgage;

(c) You have either the consent of your landlord to the Mortgage, or the right to charge your interest in the lease to us, without consent;

(d) If your Property is located in a national or provincial park, the lease contains all terms necessary in order for the appropriate governmental authority to consent, if necessary, to the Mortgage; and

(e) There are no limitations on your interest in the lease except for any set out in the lease, or restrictions registered in the land registry office.

(2) From now on, if you rent or lease your Property from someone else, you promise to meet the following obligations:

(a) You will pay rents and other payments required by the lease when due;

(b) You will do everything you are required to do under the lease;

(c) You will not surrender or transfer your interest in the lease or cause it to be terminated or transferred;

(d) You will not make any change in the lease without our approval;

(e) You will immediately give us a copy of any notice or demand you receive about the lease;

(f) You will, at your expense, do anything that we think necessary to ensure that all your interest in your Property and in the lease is covered by the Mortgage and that the Outstanding Amount is adequately secured;

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(g) If you default under the lease, and we have to pay anyone else, as required by law or to protect our security, you will pay us that amount immediately (together with interest at the Interest Rate) when we demand it. If you do not pay us, the amount we paid will be added to the Outstanding Amount;

(h) You will hold the last day of the term of the lease or of any renewal term in trust for us and will only deal with it as we require. At our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal;

(i) We may remove you or any other person as trustee of this trust and appoint a new trustee;

(j) You will not let any renewal or other options lapse. Unless we tell you otherwise, you must renew the lease or exercise any other option so that the lease will continue as long as the Mortgage is outstanding, and provide us with evidence that you have done so when we ask for it;

(k) If you subsequently buy the Property from the owner, the Mortgage will automatically become a Mortgage on the entire interest in your Property, as if you had owned the Property when you gave us the Mortgage. If we ask, you agree to re-mortgage and charge your interest in your Property to us, and to execute or authorize a Registered Mortgage and any other documents we ask;

(l) If you have broken any of your promises or breached any of your obligations or undertakings under the lease, we can treat that as if you had defaulted under the Mortgage and we can exercise our rights under the Mortgage; and

(m) If we enforce our rights under the Mortgage, then you will hold in trust the last day of the term of the lease and of any renewal for any person to whom we sell your interest in your Property.

(3) You irrevocably appoint us as your attorney so that we, on your behalf and in your name, may enforce your promises under the lease, exercise any options to renew or purchase, or assign the lease and the last day of the term and of any renewal, and transfer your interest in your Property.

(4) You authorize us to obtain information directly from your landlord on the rents you have paid and whether you have kept your promises or fulfilled your obligations and undertakings as set out in the lease.

(5) You authorize us to receive any information or documents the landlord may have which you are entitled to. You will cooperate in getting the landlord to give them to us.

SECTION 15 – IF YOU WANT TO RENT YOUR PROPERTY TO SOMEONE ELSE

(1) You promise that you personally will live in your Property. If you want to rent, lease or enter into any form of tenancy agreement covering all or any part of your Property, you promise to get our consent. We may refuse to give it, if we choose.

(2) If you have told us that your Property is, or will be, used only as an owner-occupied residential property, you confirm that no part of your Property is rented or occupied by a tenant.

(3) If you do not keep any of these Promises, at our option, the Outstanding Amount will immediately become due and payable and we will be entitled to enforce any of our rights. In this case, we can pay any amount we think is needed to any tenant, to obtain the co-operation of the tenant in selling your Property, showing your Property and obtaining possession of all or part of your Property from the tenant. You agree that any amount we pay to a tenant will be added to the Outstanding Amount.

(4) Nothing we do under this Section will cause us to be considered to be in possession or control of your Property or to be considered to be managing your Property.

(5) We do not have to, if we choose not to, collect any rent or income from your Property, or comply with any terms of any lease or agreement.

(6) If you rent all or any part of your Property without our approval, we will have the same rights and remedies as if you had tried to discourage us from taking possession of your Property, if you had defaulted under the Mortgage or adversely affected the value of your Property within the meaning of Section 52(1) of the *Mortgages Act* (Ontario).

(7) If you rent your Property with our consent, you assign to us:

(a) All leases, lease agreements and their renewals, whether current or future;

(b) All rents payable under the leases and lease agreements; and

(c) All rights under the leases or lease agreements that affect your Property.

SECTION 16 – OUR RIGHTS

16.1 Approval and Consent

Whenever the Mortgage talks about "approval" or a "consent", we mean approval or consent in writing, which we must give before you act.

16.2 Money We Spend

We may spend money to do anything you promised to do, but did not do. You must continue to keep your Promises even if we have spent money to do something you promised to do. Any money we spend because you did not keep a Promise will be added to the Outstanding Amount, will bear interest at the Interest Rate from the date that we spend the money until fully paid and will be secured by the Mortgage with the same priority as the Mortgage. You promise to pay these amounts to us, when we demand payment of them.

16.3 Administration Fees

You promise to pay us, when we ask, our administration and processing fees we charge at that time to prepare an information statement, a payout statement or any other document and any fee we pay to register a discharge of the Mortgage. If you do not pay a fee it will be added to the Outstanding Amount. Unpaid fees will be charged interest at the Interest Rate.

SECTION 17 – APPLICABLE LEGISLATION

17.1 Statutory Covenants Replaced

The *Land Registration Reform Act* (Ontario) sets out certain covenants in Section 7 (1). These covenants are excluded from the Mortgage and replaced with your Promises.

17.2 Ontario New Home Warranties Act

If the Ontario *New Home Warranties Plan Act* applies to your Property, you promise to comply with its requirements and to reimburse us for any costs that we incur in complying or enforcing your rights on your behalf if you fail to do so.

17.3 National Housing Act

If the Mortgage is insured by Canada Mortgage and Housing Corporation, the Mortgage is made under the *National Housing Act* (Canada).

17.4 Expropriation

(1) If your entire Property is expropriated, the Outstanding Amount will immediately become due and payable.

(2) If only a part of your Property is expropriated, you promise to pay us the amount you are awarded for the partial expropriation and we will credit it to the Outstanding Amount.

(3) If we consider that the remainder of your Property is not adequate security for the Outstanding Amount, then the Outstanding Amount, or such part of the Outstanding Amount as we decide, will immediately become due and payable.

(4) You will hold any amount awarded in the event of expropriation in trust for us.

17.5 Spousal Consent

Your spouse, by signing or authorizing the Mortgage, consents to the Mortgage and releases all interest in your Property to the extent necessary to give effect to our rights under the Mortgage. Your spouse also agrees that we may, without further notice, deal with your Property and the Mortgage as we choose.

SECTION 18 – WHO IS BOUND BY THE MORTGAGE

(1) The Mortgage is binding on every party who signs it, authorizes it or agrees to be bound by it, regardless of when the signature is written, or the authorization or agreement occurs.

(2) In addition to your obligations under the Mortgage,

- (a) If you die or become incapacitated, your legal and personal representatives, executors, administrators, successors and assigns, and heirs will also be bound by the Mortgage;
- (b) If you transfer your Property, anybody else to whom your Property is transferred will also be bound by the Mortgage; and
- (c) Your Promises will not be changed by either your bankruptcy or insolvency or that of the Customer.

(3) If more than one person signs, authorizes or agrees to be bound by the Mortgage, then all such persons are jointly and severally liable to comply with all Promises under the Mortgage. By way of explanation, the term "jointly and severally" means that if there is more than one person signing or agreeing to be bound, each is collectively and individually liable with all others for keeping all the Promises. This means that each is liable for the full amount of the Outstanding Amount and you do not have the right to pay only a proportionate part. For example, if the full amount of the Outstanding Amount is $100,000 and there are three other persons who sign or agree to be bound by the Mortgage, we can demand that you pay the full $100,000, not just $25,000.

SECTION 19 – INTERPRETATION

19.1 Partial Invalidity

If any provision of the Mortgage is illegal or unenforceable, this will not affect the validity or enforceability of the other provisions.

19.2 All Agreements

The Mortgage (which includes the Registered Mortgage, this set of standard charge terms, any other documents attached to it as schedules, and any document amending the Mortgage) sets out all the terms of the agreement between you and us relating to the Mortgage and it overrides any statements or promises that we or any of our employees might have made to you.

19.3 Paragraph and Section Headings

Paragraph and Section headings do not form part of the Mortgage, but are used only for easy and convenient reference. They do not affect the meaning or interpretation of the Mortgage.

19.4 Statutes and Regulations

A reference to a statute is a reference to both the statute and any regulations made under the statute. A reference to a statute includes any amendments to or re-enactment of the statute or regulations. If a specific section, subsection, paragraph or clause of a statute or regulation is referred to, that reference includes the corresponding provision in an amended or re-enacted statute or regulation.

19.5 Number and Gender

Unless the context requires otherwise, words in the singular include the plural, and vice versa, and words specifying a gender include all genders.

19.6 Communicating With You

(1) If we mail documents to you, the documents will be sent to you at the address for service indicated in the Registered Mortgage or we will mail the documents to another address, if you have given us written instructions to mail documents to that other address.

(2) Documents mailed to you will be considered to have been received by you by the fifth day after mailing.

(3) If more than one person signs or agrees to be bound by the Mortgage, we can rely on communications we receive from any one of you, whether these communications are received electronically, in writing, orally or otherwise. We will consider communications from any one of you to be communications from all of you.

(4) In addition, communications from us to any of you, whether these communications are delivered electronically, in writing, orally or otherwise, will be considered to be communications to all of you.

DATED this 24th day of March, 2006.

ROYAL BANK OF CANADA

By: ______________________
Name: Catherine Adams
Title: Vice President,
Home Equity Financing Products

By: ______________________
Name: Nancy Santini
Title: Assistant Secretary.

We have authority to bind the Bank.

® Registered trademark of Royal Bank of Canada

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200618 Cote
Filing Date April 28th/2006 Date de Dépôt
Page 1 of/de 16 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

THE LAND REGISTRATION REFORM ACT

STANDARD CHARGE MORTGAGE TERMS

ILED BY: CAMBRIAN CREDIT UNION LIMITED

ILING DATE:

ILING NUMBER:

The following set of Standard Charge Terms ("SCT") shall be deemed to be included in every Charge in which the set is referred to by its filing umbers, as provided in Section 9 of the Act.

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2. DEFINITIONS AND INTERPRETATION

All terms used in this set of SCMT which are defined in *The Land Registration Reform Act (Ontario)* have the same meaning as they do in *The Land Registration Reform Act* unless expressly varied by this document. Not all terms defined and not all provisions contained in this set of SCMT will apply to every mortgage/charge (hereinafter referred to as Mortgage). There are some terms and provisions that will only apply to a Fixed Rate Mortgage, a Variable Rate Mortgage, a Capped Rate Mortgage or a Multi-Purpose Mortgage, as the case may be.

In these SCMT and in every mortgage which includes them:

(a) **ACT** means *The Land Registration Reform Act (Ontario)*, and any amendments to it.

(b) **BALANCE DUE DATE** means the date identified as the Balance Due Date on the Mortgage.

(c) **BORROWER, YOU, YOUR** means the person or corporation who is, or is entitled to be, the registered owner of the Land, and who is described as Mortgagor/Chargor (hereinafter referred to as Mortgagor) in the Mortgage and has signed as mortgagor. Borrower includes your Successors and where the context requires, any Covenantor/Guarantor.

(d) **CAPPED RATE** means the maximum interest rate that you will be charged under the Mortgage up to and including the Capped Rate Expiry Date. The Capped Rate is as set out in Additional Provisions of the Mortgage.

(e) **CAPPED RATE EXPIRY DATE** means the date after which the Credit Union's commitment to charge interest at no greater than the Capped Rate shall have no further effect. The Capped Rate Expiry Date is as set out in the Additional Provisions of the Mortgage.

(f) **CAPPED RATE MORTGAGE** means, if the Additional Provisions of the Mortgage indicates that the mortgage type is "Capped Rate", the mortgage you have given to us under the Act and Regulations to secure payment of the Loan Amount and to secure performance of all of your other obligations under this Mortgage. It includes the Mortgage Document, these SCMT, any Schedule attached and any future renewals, amendments, extensions or any replacement or substitutional forms which may be prescribed.

(g) **CMHC** means Canada Mortgage and Housing Corporation and its successors.

(h) **COVENANTOR/GUARANTOR** means any person who, although not a registered owner of the Land, is named as Covenantor/Guarantor and has signed as Guarantor.

(i) **CREDIT UNION, WE, OUR, US** means the mortgagee/chargee set out in the Mortgage and includes its Successors.

(j) **EQUIVALENT RATE** means, in the case of a Fixed Rate Mortgage, the interest rate calculated weekly, bi-weekly, semi-monthly, monthly, quarterly or annually in accordance with payments made as shown under the Payment Date and Period in the Mortgage Document that is equal to the Interest Rate calculated semi-annually not in advance. The Equivalent Rate at the date of the Mortgage is as set out in the Additional Provisions of the Mortgage. As the Interest Rate changes or if you change the frequency of your periodic payments, we will advise you of the new Equivalent Rate.

(k) **FIXED RATE MORTGAGE** means, if the Additional Provisions of the Mortgage indicates that the mortgage type is "Fixed Rate", the mortgage you have given to us under the Act and Regulations to secure payment of the Loan Amount and to secure performance of all of your other obligations under this Mortgage. It includes the Mortgage Document, these SCMT, any Schedule attached and any future renewals, amendments, extensions or any replacement or substitutional forms which may be prescribed.

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(l) **INTEREST ADJUSTMENT DATE or I.A.D.** means the date set out in said Mortgage (in the case of any mortgage other than a Multi-Purpose Mortgage), as amended from time to time and is the date on which you agree to pay interest accrued from the date of advance of funds. If there is a change to the I.A.D., we will notify you of the amended date.

(m) **INTEREST RATE** means:

(i) in the case of a Fixed Rate Mortgage, the interest rate as set out in the Mortgage as amended from time to time. It is calculated semi-annually not in advance as set out in the Mortgage.

(ii) in the case of a Variable Rate Mortgage or a Capped Rate Mortgage, the variable interest rate as set out in the Mortgage; and

(iii) in the case of a Multi-Purpose Mortgage, the interest rates as set out in the Loan Documents.

(n) **LAND** means the lands and premises described in the Mortgage or in an amending agreement between us. It includes the land and all buildings, plant, machinery, fixtures, structures, and improvements whether fixed or otherwise, present or future and includes all crops and trees and products of the soil, and all mines and minerals and sand and gravel now or hereafter forming part of the land, and together with all easements, covenants, powers, privileges and other rights now or hereafter attached to or forming part of or benefiting the land.

(o) **LOAN AMOUNT** means:

(i) in the case of a Fixed Rate Mortgage, Variable Rate Mortgage or Capped Rate Mortgage, the total amount you owe us at any time. It includes principal, interest and all Other Charges secured by this Mortgage.

(ii) in the case of a Multi-Purpose Mortgage, the total amount you owe us at any time under the Loan Documents. It includes principal, interest and all Other Charges secured by this Mortgage.

(p) **LOAN DOCUMENT or LOAN DOCUMENTS** means in the case of a Multi-Purpose Mortgage, (a) each and every promissory note or notes which may be delivered by you or any other person assuming the indebtedness hereby secured and accepted by us by way of renewal of, novation or substitution for the same, or as a supplement thereto and/or (b) each and every line of credit agreement you have or may hereafter enter into with us, as amended from time to time, under which we have established or will establish a line of credit in your favour; and/or (c) each and every guarantee you have or may hereafter enter into with us on behalf of a principal debtor; (d) each and every indemnity which you may have provided to us in connection with any obligation owed to us and/or (e) each and every existing or future other agreement between us or other instrument or document pursuant to which you undertake payment or performance of any one or more obligations to us, including any commitment letter or offer to provide financing.

(q) **MORTGAGE** means the mortgage you have given to us under the Act and Regulations to secure payment of the Loan Amount and to secure performance of all of your other obligations under the mortgage. It includes the Mortgage Document, these SCMT, any Schedule attached and any future renewals, amendments or extensions. It also includes any amendments and replacement or substitutional forms which may be prescribed.

(r) **MORTGAGE DOCUMENT** means the mortgage form prescribed by the Act and Regulations and includes all amendments and revisions to it.

(s) **MULTI-PURPOSE MORTGAGE** means, if the Additional Provisions of the Mortgage indicates that the mortgage type is "Multi-Purpose", the mortgage you have given to us under the Act and Regulations to secure payment of the Loan Amount and to secure performance of all of your other obligations under this Mortgage. It includes the Mortgage Document, these SCMT, any Schedule attached and any amendments or any replacement or substitutional forms which may be prescribed.

(t) **OTHER CHARGES** means all charges described in paragraph 16 of this document. Such Other Charges are added to the Principal Amount, and they bear interest and are secured by the Mortgage in the same way as the Principal Amount.

(u) **PRIME RATE** is our base lending rate for variable rate or capped rate mortgages and may be referred to by any name as defined by us and will be described in the Mortgage. It is subject to change, as and when announced by us.

(v) **PRINCIPAL AMOUNT** means:

(i) in the case of a Fixed Rate Mortgage, Variable Rate Mortgage or Capped Rate Mortgage, the principal amount originally secured by the Mortgage as may be set out in the Mortgage or in an amending agreement between us.

(ii) in the case of a Multi-Purpose Mortgage, the original maximum principal amount as may be set out in the Mortgage, in the Loan Documents or in any amending agreements between us.

(w) **REGULATIONS** means any Regulations made under the Act from time to time.

(x) **SCHEDULE** means a schedule or schedules attached to the Mortgage Document. It may contain additional terms which apply to the Mortgage or may amend the terms herein.

(y) **SUCCESSORS** means heirs, executors, administrators, personal or legal representatives, successors and successors in title or name and assigns.

(z) **TAXES** means all property taxes, rates, levies and assessments levied on the Land whatsoever (including local improvement levies and school taxes), and includes any charges collectible as taxes.

(aa) **VARIABLE RATE MORTGAGE** means, if the Additional Provisions of the Mortgage indicates that the mortgage type is "Variable Rate", the mortgage you have given to us under the Act and Regulations to secure payment of the Loan Amount and to secure performance of all of your other obligations under this Mortgage. It includes the Mortgage Document, these SCMT, any Schedule attached and any future renewals, amendments, extensions or any replacement or substitutional forms which may be prescribed.

OPERATION OF MORTGAGE

3.1 Mortgage Of Land

By signing the Mortgage, you agree to mortgage your entire interest in the Land, both present and future, to us as security for repayment of the oan Amount and performance of other obligations under the Mortgage and the Loan Documents. This mortgaging is to extend to all interests in the Land acquired by any future owner while the Mortgage remains undischarged.

You may remain in possession of the Land as long as you make the payments and fulfill the obligations owed to the Credit Union under the Mortgage or the Loan Documents, as applicable.

3.2 Continuing Security/Readvancement

(a) FIXED RATE MORTGAGE, VARIABLE RATE MORTGAGE OR CAPPED RATE MORTGAGE. If this Mortgage is a Fixed Rate Mortgage, Variable Rate Mortgage or Capped Rate Mortgage, the following terms apply:

(i) This Mortgage shall operate as a continuing security for payment of all monies actually advanced from time to time by us to you and outstanding from time to time, and for payment of all your indebtedness and liability to us whether presently existing or hereafter incurred, and this Mortgage is intended by you and us to secure us in respect of any one or more loans and it shall operate as security for us notwithstanding that you may from time to time make payments to us and reduce or retire your indebtedness and liability, in whole or in part, on one or more occasions. Notwithstanding any payment on account of any of your indebtedness to us at any time, any further, new or fresh advance or advances will, together with interest and Other Charges be secured by this Mortgage notwithstanding the mortgaging or charging of the Land by any intervening or intermediate mortgage, charge or encumbrance ("intervening interest") and the Mortgage will at all times hold priority over any such intervening interest. This Mortgage shall be and shall remain valid security for any and all subsequent advances or readvances by us.

(ii) We may, as a condition of readvancement of funds, from time to time, require you to amend the Mortgage (including without limitation, the Interest Rate, the Land mortgaged, the Principal Amount and repayment terms) by giving you a notice setting out the amendment. Any such notice may be given in accordance with paragraph 35. We may also require you to sign an amending agreement and if we do, the provisions of paragraph 28 of this document ("RENEWAL, AMENDMENT, EXTENSION") will apply.

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(b) MULTI-PURPOSE MORTGAGE If this Mortgage is a Multi-Purpose Mortgage, the following terms apply:

(i) This Multi-Purpose Mortgage shall operate as a continuing security for payment of all monies actually advanced from time to time by us to you or to any principal debtor where obligations are covered or secured by the Loan Documents and all other obligations from time to time owed by you to us outstanding from time to time under the Loan Documents. It is agreed that this Multi-Purpose Mortgage and the Loan Documents will operate as security notwithstanding that you may from time to time make payments to us and reduce or retire your indebtedness. Notwithstanding that at any time, any person or persons acquire any encumbrance, claim or other interest in or against the Land subsequent to the registration of this Multi-Purpose Mortgage in the land titles office, and any of your obligations have been paid or performed in whole or in part prior to or concurrently with the acquisition of any such other encumbrance, claim or other interest, and thereafter you undertake new or fresh obligations to us which are secured or covered by the Loan Documents and as secured by this Multi-Purpose Mortgage, this Multi-Purpose Mortgage shall, with respect to such new or fresh obligations, hold full priority over any such other encumbrance, claim or other interest to the maximum extent permitted by applicable law.

(ii) This Multi-Purpose Mortgage shall not operate as a merger of the Loan Documents hereby secured or affect or prejudice in any way our rights and powers thereunder. If the Loan Documents include a guarantee, the taking of this Multi-Purpose Mortgage shall not operate as a merger of our remedies for payment of the indebtedness of any principal debtor referred to in the Loan Document or of our remedies pursuant to the Loan Document, or pursuant to any other present or future security held by us, and notwithstanding this Multi-Purpose Mortgage and anything herein contained, the said remedies shall remain intact and be capable of enforcement against any principal debtor and you and all other persons liable in respect thereof in the same manner and to the same extent as if this Multi-Purpose Mortgage had not been executed, and this Multi-Purpose Mortgage is and shall be continuing security to us for payment of the amount of the said liability pursuant to the Loan Document and interest thereon.

(iii) This Multi-Purpose Mortgage is taken in addition to and not in substitution for any other security now or hereafter taken by us with respect to advances made to you or advances or other value made to any one or more principal debtor and each and every right, remedy and power granted to us hereunder and pursuant to security documents taken by us in respect to the said advances shall be cumulative and shall be in addition to the right or power herein specifically granted or now or hereafter existing in equity or, at law, by virtue of statute or otherwise from time to time concurrently or independently and as often and in such order as we may deem expedient. Any failure or delay on our part in exercising any such right or power or any abandonment or discontinuance of steps taken to enforce the same shall not operate as a waiver thereof or affect our right thereafter to exercise the same, and any single or partial exercise of any such right or power shall not preclude any other or further exercise thereof or the exercise of any other right or power.

(iv) Any and all payments made in respect of any indebtedness hereby secured and the monies or other proceeds realized from any securities held therefor (including this Multi-Purpose Mortgage) may be applied and re-applied notwithstanding any previous application on such part or parts of the indebtedness pursuant to the Loan Documents as we may see fit.

(v) If the Loan Documents include a guarantee, for the purposes of establishing the priority of the security constituted by this Multi-Purpose Mortgage, value shall be deemed to have been advanced under this Multi-Purpose Mortgage at the respective times when value is advanced to or for the account of the principal debtor whose obligations are secured or covered by the Loan Document, and it is agreed that value will not be deemed to have been advanced only at the time when the principal debtor defaults in the payment or performance of the principal debtor's obligations to us, or at the time when we make demand upon you for satisfaction of the principal debtor's obligations under the Loan Document or otherwise.

3.3 Continuation Of Mortgage

The Mortgage and the security created by it will continue in spite of the repayment and readvancement of funds under the Mortgage from time to time until all monies owing to the Credit Union under this Mortgage and the Loan Documents, as applicable, have been fully paid, all other obligations are performed, and we deliver a discharge of mortgage to you. See paragraph 3.5.

3.4 Assignment

The Mortgage and the debt secured by it may be assigned by us to any party without your consent. Assignment by us does not invalidate the Mortgage or entitle you to a discharge and it does not change the terms of the Mortgage.

You cannot assign your obligations under the Mortgage unless we have agreed to it in writing.

3.5 Discharge/Transfer

Upon full performance of all of your obligations under this Mortgage or the Loan Documents, as applicable, and payment of the Loan Amount, you are entitled to a discharge of the Mortgage or to a transfer of the Mortgage to a third party, if you so wish. You will give us reasonable time in which to prepare and sign the discharge or transfer, as the case may be. You will pay our usual administrative fee for preparing, reviewing or signing the discharge or transfer and all legal and other expenses we incur in so doing. You will be responsible for registering and for the costs of registering the discharge or transfer at the land titles office.

4. INTEREST – FIXED RATE MORTGAGE

If this Mortgage is a Fixed Rate Mortgage, then the provisions of this paragraph 4 apply.

4.1 Fixed Interest Rate

The Interest Rate is a fixed rate per annum as stated in the Mortgage. The Interest Rate may be amended on the I.A.D. set out in the Mortgage and will remain fixed for the term of the Mortgage until the Mortgage matures or is renewed on the Balance Due Date.

4.2 Equivalent Rate

Since the Calculation Period set out in the Mortgage is semi-annually not in advance and due to our method of application of payments (whether weekly, bi-weekly, semi-monthly, monthly, quarterly or annually) firstly to interest and secondly to principal, the Equivalent Rate is used to calculate the interest. The Equivalent Rate is available from the Credit Union during office hours.

5. INTEREST – VARIABLE RATE MORTGAGE OR CAPPED RATE MORTGAGE

If this Mortgage is a Variable Rate Mortgage or a Capped Rate Mortgage, then the provisions of this paragraph 5 apply.

5.1 Variable Interest Rate

The Interest Rate payable by you is a variable rate per annum, based on our Prime Rate as established and announced by us from time to time plus or minus the number of percentage points per annum stated in the Mortgage. Interest is payable and calculated weekly, bi-weekly, semi-monthly, monthly, quarterly, semi-annually or annually not in advance, as the case may be, and is payable on the Loan Amount both before and after demand, default and judgment until the Loan Amount has been fully paid. The Interest Rate actually payable by you will vary automatically without notice to you, each time there is a change in the Prime Rate. The Prime Rate and Interest Rate payable on the Loan Amount remain in effect until varied.

The Prime Rate described in the Mortgage will be posted at all our branches at all times and the Interest Rate applicable to your Mortgage at any time, including the date when the Prime Rate changed can be ascertained by you by telephoning any of our branches during office hours, but if such rate is not at any time so posted, this will not change your obligation to pay interest at the Interest Rate you have agreed to pay.

Even if there is a contrary provision elsewhere in this Mortgage, if this is a Capped Rate Mortgage, the Capped Rate shall be used to calculate the interest payable by you under the Mortgage at all times (up to and including the Capped Rate Expiry Date) even if changes in the Prime Rate would result in the Interest Rate's exceeding the Capped Rate. Interest shall continue to be calculated at the Capped Rate until the Prime Rate changes so that the Interest Rate is again equal to or less than the Capped Rate. If this happens, interest shall once again be calculated on a variable basis as set out in this paragraph 5.1. From and after the Capped Rate Expiry Date, unless you and the Credit Union have negotiated a new capped rate and a new capped rate expiry date, interest shall be charged on a variable rate basis.

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5.2 Convertibility

If you are not in default in making any payment required under the Mortgage or in default of any of your covenants or other obligations under the Mortgage, you may convert the terms of the Mortgage to those of a Fixed Rate Mortgage bearing such interest rate and containing such other terms and provisions as are made available by us to you at the time of conversion. You shall apply to us in order to exercise this right of conversion. You will be able to convert the Mortgage by selecting from the mortgage options that we have available at the time that you apply for conversion and you shall on request sign an amending agreement in a form acceptable to us which will contain all amended terms, covenants (including your obligations under the Mortgage), conditions and provisions of the Mortgage. The interest rate payable by you will be our current interest rate for the mortgage option selected by you, effective as of the date that you sign an amending agreement or other documents on which we agree. You agree to pay us any processing or administration fee in connection with the conversion, together with any accrued interest which may result from a change in the frequency of the regular mortgage payments to be made. You also agree that you will pay all legal fees and disbursements incurred with respect to the conversion documentation and its registration.

Once the Mortgage has been converted, the prepayment privileges of the Mortgage will no longer apply and prepayment privileges, if any, will be contained in the conversion documentation.

[illegible].3 Increases in Prime Rate

If at any time because of increases in the Interest Rate, the regular payment is no longer enough to maintain the agreed amortization period, you may be required to increase the amount of each regular payment under the Mortgage in order to maintain the remaining amortization period of the Mortgage.

If you are unable to do so, then, at our option, the Mortgage will immediately become due and payable.

[illegible]. INTEREST – MULTI-PURPOSE MORTGAGE

If this Mortgage is a Multi-Purpose Mortgage, then you will pay interest at the rate or rates as set out in the Loan Documents.

[illegible]. PAYMENT PROVISIONS

In the case of a Fixed Rate Mortgage, a Variable Rate Mortgage or a Capped Rate Mortgage, interest is payable from the date of advance of funds, both before and after the Balance Due Date, default and judgment, until the Loan Amount is fully paid. Interest is calculated on the Loan Amount and Other Charges (if any), not in advance, according to the calculation period set out in the Mortgage, and is paid together with payments on account of the Loan Amount, in installments as set out in the Mortgage, or as may be otherwise set out in the Additional Provisions or any Schedule.

In the case of a Multi-Purpose Mortgage, interest is payable as set out in the Loan Documents.

[illegible]. COMPOUND INTEREST

In the case of a Fixed Rate Mortgage, a Variable Rate Mortgage or a Capped Rate Mortgage, if any payment is not made on its due date, we may charge you interest on any overdue portion of the amount owing on the Mortgage (including any overdue interest) until paid. This is called compound interest. Such overdue amounts may be added to the Loan Amount and will bear interest at the Interest Rate, from the date of default until paid, both before and after the Balance Due Date, default and judgment. All such interest and compound interest shall be paid at intervals which are the same as your periodic payment dates set out in the Mortgage or in any agreement between us, and shall form part of the Loan Amount which is secured by the Mortgage.

In the case of a Multi-Purpose Mortgage, compound interest may be payable as set out in the Loan Documents.

[illegible]. DEFERRED INTEREST

If any payment made on your Mortgage is insufficient to pay all accrued interest, the unpaid amount of the accrued interest may be added to the Loan Amount and will thereafter be subject to compound interest as explained in paragraph 8. Such deferred interest and compound interest form part of the Loan Amount and are secured by the Mortgage.

[illegible]0. INTEREST ON OTHER CHARGES

Any Other Charges incurred by us will be added to the Loan Amount and will bear interest at the Interest Rate, from the date on which they are incurred until paid, and will be subject to compound interest as explained in paragraph 8. Such charges, interest and compound interest form part of the Loan Amount and are secured by the Mortgage.

11. CALCULATION OF INTEREST COMPONENT OF PAYMENT

The interest rate payable may be either variable or fixed.

If a debt obligation secured by the Mortgage requires principal and interest payments which are payable in equal periodic installments, the amount of the interest and principal components of each mortgage payment will vary as the principal reduces and where applicable, the Interest Rate changes. The following provides details on how you may calculate the portion of each payment which will be first applied to the payment of interest and/or then in reduction of the principal.

Start with the principal that remained outstanding after your last payment ("Principal").

In the case of a Fixed Rate Mortgage, use the Equivalent Rate in effect during that time ("Rate").

In the case of a Variable Rate Mortgage, Capped Rate Mortgage or Multi-Purpose Mortgage, use the applicable Interest Rate ("Rate").

Determine the number of days in the payment period, including the date of the immediately preceding payment (or, in the case of the first payment, the I.A.D.) and excluding the date on which the next mortgage payment is being paid ("Days").

As the Interest Rate may be subject to fluctuations, determine, for each different Interest Rate chargeable during the payment period, the number of days on which such Interest Rate was chargeable. In order to determine the amount of interest which accrued on the Principal in the payment period for each Interest Rate, the calculation will have to be made for each period based on each applicable Interest Rate. Each of the interest components calculated must be added in order to determine the total amount of interest which accrued on the Principal during the period.

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$$\text{Principal} \times \frac{\text{Rate}}{100} \times \frac{\text{Days}}{365} = \text{Interest Component of Payment}$$

If the balance outstanding under the Multi-Purpose Mortgage is owed pursuant to more than one Loan Document, you will have to make a separate calculation for each Loan Document.

If the payment exceeds the total amount of interest which accrued on the Principal during the period and there are no Other Charges, the balance of the payment is then applied in reduction of the Principal.

EXAMPLE: The following example indicates how these calculations are carried out in practice. In this example, assume the following information:

- the "Principal" owing after the immediately preceding regular mortgage payment - $50,000.00,
- "Rate" during the payment period - 9%,
- the amount of the regular mortgage payment - $413.99,
- number of "Days" in the payment period e.g. January 1 to February 1 is a period of 31 days,
- use the formula set out previously to determine the interest which accrued on the Principal during the period.

$$\$50{,}000 \times \frac{9}{100} \times \frac{31}{365} = \$382.19$$

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Apply the mortgage payment of $413.99 first to payment of the total amount of interest which accrued on the Principal during the period - $382.19. Subtracting the $382.19 interest component from the $413.99 payment results in a reduction of the Principal by $31.80.

12. TERMS OF PAYMENT – FIXED RATE MORTGAGE, VARIABLE RATE MORTGAGE, CAPPED RATE MORTGAGE

If this Mortgage is a Fixed Rate Mortgage, a Variable Rate Mortgage or a Capped Rate Mortgage, the provisions of this paragraph 12 will apply.

12.1 Payment Of Interest To The Interest Adjustment Date (I.A.D.)

On the I.A.D. you will pay interest at the rate agreed by you on as much of the Principal Amount as has been advanced, from the date of such advance to the I.A.D. We may require you to pay such interest in periodic installments beginning with the payment period following the first advance of Principal Amount, until the I.A.D. We may also deduct, from any advance of the Principal Amount, interest that will be due on the I.A.D.

12.2 Payments After The Interest Adjustment Date (I.A.D.)

If your Mortgage is a Fixed Rate Mortgage, after the I.A.D. you will make mortgage payments of principal and interest in the amounts set out in the Mortgage, beginning on the First Payment Date in the Mortgage and ending on the Last Payment Date in the Mortgage. The balance of the Loan Amount will be ~~paid on the Balance~~ Due Date;

If your Mortgage is a Variable Rate Mortgage or a Capped Rate Mortgage, after the I.A.D., you will make equal combined principal and interest payments, principal plus interest payments or interest only payments depending on the type of payment you choose. Where you have chosen to make equal combined principal and interest payments, the Amount of Each Payment is set out in the Mortgage together with the payment frequency and the First Payment Date. Where you have chosen to make principal plus interest payments, the amount of each payment applicable to principal is set out in the Mortgage with the payment frequency and the First Payment Date, and, for this type of payment, where the Prime Rate fluctuates up or down, and as the principal balance is reduced, the amount of your periodic payments for interest will be adjusted accordingly. If your Mortgage is payable on demand, where you have chosen to make interest only payments, the words "INTEREST ONLY PRIOR TO DEMAND" will be set out in the Mortgage with the payment frequency and the First Payment Date, and for this type of payment, where the Prime Rate fluctuates up or down, and as the principal balance may be reduced by any payments on account of principal which you choose to make and we accept, the amount of your periodic payment for interest will be adjusted accordingly. Provided that if you and the Credit Union have agreed that the indebtedness secured by this Mortgage is to be payable on an interest only prior to demand basis, but the said words "INTEREST ONLY PRIOR TO DEMAND" are erroneously not included in the Mortgage, then the words "INTEREST ONLY PRIOR TO DEMAND" will be deemed to have been included.

12.3 Mortgage Payable On Demand

Your Mortgage is payable on demand, if the words "ON DEMAND" are set out in the Mortgage and/or Additional Provisions or if there is a written agreement between us that states that the Mortgage will be payable on demand. Even if the Mortgage Document sets out payment provisions over time, the Loan Amount is payable when we demand payment in writing. You will make payments as set out in the Mortgage, or as we may otherwise require, until we demand payment of the Loan Amount. It is entirely in our discretion as to whether we demand payment of the Loan Amount and we may so demand even if none of the events described in paragraph 12.6 has occurred.

12.4 Application Of Payments

All payments received on account of the Mortgage will be applied firstly to accrued interest, and secondly to reduction of the Loan Amount (including any amounts added to the Loan Amount by way of compound interest, Other Charges, or otherwise);

EXCEPT that if you are in default of any payment or obligation, we may apply payments in any manner we choose.

12.5 Payment On Sale Or Transfer

If you sell, convey or transfer your Land or agree to do so, to anyone without obtaining prior written approval from us, the Loan Amount shall, at our option, immediately become payable in full. If we accept payment from any person or persons whom we have not first approved in writing, this shall not mean that we have granted prior written approval nor that we have relinquished our right to require you to pay the Loan Amount in full. For the purposes of this provision, you will be treated as having sold, conveyed or transferred your Land where (i) ownership of your Land changes by operation of law (for example, if you are a natural person, if you die, or if you are a corporation, if your corporate existence ceases or if you amalgamate with one or more other corporations) and (ii) you are a corporation and there is a change in the ownership of your issued shares such that voting control changes hands (voting control meaning the right to exercise more than 50% of all of the voting rights attaching to your issued share capital).

You shall provide us with sufficient written information to enable us to determine whether we should give our written approval and we shall, upon receipt of sufficient information, make our determination in a timely manner. Prior written approval by us shall not be unreasonably withheld.

If we approve of the transfer of your Land to a new owner or owners, one of our requirements for giving our approval may be that the new owner(s) sign an agreement to be bound by the terms of the Mortgage, in a form and content acceptable to us.

If we are entitled to exercise our option to accelerate repayment in full of the Loan Amount, we will not be taken to have done so unless we confirm this to you in writing. If we so exercise that option, we can do so without considering you to be in default and thereby require you (and/or your transferee) to repay the Loan Amount in full together with a prepayment penalty as outlined in paragraph 12.7(c).

12.6 Demand/Acceleration Of Repayment

Notwithstanding the provisions setout in the Mortgage, and in addition to our right to demand payment of the Loan Amount, where the words "NOT PAYABLE PRIOR TO DEMAND" do NOT appear in the Mortgage and/or Additional Provisions, at our option (we are not to be taken to have exercised this option unless we confirm same to you in writing), the Loan Amount will become immediately due and payable as if the term of your Mortgage had expired, in any of the following events:

(a) you default in making any payment or in performing any obligation required by the Mortgage;

(b) we discover that any statement or promise you made in your loan application or the Mortgage is untrue or inaccurate or cannot be performed; or that you have used mortgage proceeds for a purpose other than is shown on your loan application;

(c) we have reason to believe that you have abandoned the Land;

(d) we receive notice of, or there is registered, any assignment for the general benefit of creditors, tax sale proceeding, work order, debt review proceeding or mediation, undefended statement of claim, builder's lien, agreement for sale, notice of security interest, judgment or other lien, proceeding or encumbrance affecting you or the Land which, in our sole opinion, could affect the priority of our Mortgage or your ability to fulfill your obligations under it;

(e) if at any time, during the course of construction prior to the I.A.D., we are not satisfied with the progress or the quality of construction where our Mortgage is securing progressive advances under a construction project;

(f) we believe that the security of our position is threatened in any way;

(g) you die or otherwise cease to exist;

(h) there occurs any other event or occurrence which is stated or described to be an event or occurrence of default in any existing or future agreement or other writing between us pertaining to any of the indebtedness secured by this Mortgage;

(i) where you are in default under any other security held by us at any time to secure your obligations secured by this Mortgage, in whole or in part;

(j) where you are in default of your obligations under any other encumbrance, claim or other interest which charges the Land and which holds priority against the Land ahead of the priority of the security of this Mortgage;

(k) if we lose the benefit of any other security at any time held by us to secure, in whole or in part, your obligations secured by this Mortgage (except where we release the same by written release or discharge), including the benefit of any guarantee, covenant or indemnity obligation of any person or persons.

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2.7 Prepayment Provisions

Your rights, if any, to prepay the balance outstanding under this Mortgage may be set forth in the Mortgage and/or Additional Provisions by setting out either a word or words describing the type of prepayment rights as set forth below or by setting out in detail the prepayment rights. These rights may be amended by any future renewals, amendments or extensions to this Mortgage. If no prepayment rights are described or provided for in the Mortgage Document, the Mortgage will be deemed to specify "Closed".

a) Prepayment Types

The following words describing the types of prepayment rights shall have the following meanings:

(i) "Open" means that you have the right at any time to prepay the whole or any portion of the balance outstanding under this Mortgage without giving any prior notice of prepayment to the Credit Union and without having to pay to the Credit Union any additional fee or penalty for this right.

(ii) "Closed" means that you may not make any payments to the Credit Union before the dates that they are due.

(iii) "Closed with Annual Payment" followed by a figure and a percentage sign (%) means that on each anniversary of the I.A.D. you have the right without notice or penalty to prepay an amount not exceeding the specified percentage of the Principal Amount.

b) Limited Prepayment Rights

If your Mortgage is Closed with Annual Payment, you have the right, on each anniversary of the I.A.D., to pay an amount up to the percentage of the Principal Amount as specified in the Mortgage and/or Additional Provisions. If you do not fully exercise this right on any anniversary of the I.A.D., you will not be able to carry this right forward to any future anniversary of the I.A.D. This right is not available at all where you are prepaying more than the percentage of the Principal Amount as specified in the Mortgage and/or Additional Provisions. In the event that you do make a prepayment, your regular loan payment shall continue to be due and payable in the same amount during the term of the Mortgage until maturity of the Mortgage, until we make demand or until the monies hereby secured have been repaid in full, whichever is the first to occur.

A prepayment penalty, in the amount set out in 12.7(c) is payable on the entire amount paid where you make a prepayment of any amount on any date other than an anniversary of the I.A.D. or if, on an anniversary of the I.A.D. you prepay more than the percentage of the Principal Amount specified in the Mortgage and/or Additional Provisions.

c) Prepayment Penalty

At the Credit Union's discretion, the amount to be charged as a prepayment penalty will be the greater of:

(i) three months' interest at your Interest Rate calculated on the amount prepaid by you if the Land hereby secured is an owner occupied residence, or

(ii) six months' interest at your Interest Rate calculated on the amount prepaid by you if the Land hereby secured is other than an owner occupied residence, or

(iii) an interest differential payment. The interest differential payment will be an amount arrived at by calculating interest for the remaining term of the Mortgage on the amount prepaid at a rate equal to the difference between your Interest Rate and the rate charged by the Credit Union as at the date of prepayment for a mortgage similar to yours. A mortgage similar to yours has a term that is closest to the remaining term of your Mortgage.

The prepayment provisions in this paragraph 12.7 are not intended to be exhaustive and different prepayment rights may be set forth in the Mortgage or an amending agreement. In any event, if your Mortgage has a term of more than five years and you are not a corporation, you may prepay the outstanding balance of principal and interest at any time after the fifth anniversary of the I.A.D. In this case, you will be charged a prepayment penalty as set out in paragraph 12.7 (c) (i).

2.8 Loan Repayable On Different Terms

If a loan secured by this Mortgage is repayable other than over time by way of equal payments made at equal intervals, where the payments are allocated first to accrued interest and then to the balance of the loan then outstanding, then:

a) the payment and repayment terms for such loan (the "Actual Loan Payment Terms") shall be set forth in one or both of the Mortgage and a Schedule to this Mortgage; and

b) those definitions and terms of payment and repayment contained in paragraphs 2 to 13, both inclusive, of these SCMT which are inconsistent with or which conflict with the Actual Loan Payment Terms shall be inapplicable and shall be and be deemed to be deleted from these SCMT.

13. TERMS OF PAYMENT – MULTI-PURPOSE MORTGAGE

If this Mortgage is a Multi-Purpose Mortgage, the provisions of this paragraph 13 will apply.

3.1 Terms Of Repayment

The Loan Documents will contain particulars of the interest rate or rates applicable and the terms and conditions of payment of principal and interest. Notwithstanding the terms of payment set out in the Loan Documents, at our option, the Loan Amount will become immediately due and payable, as if your Multi-Purpose Mortgage had expired, in any of the following events:

(a) you default in making any payment or in performing any obligation required by any of the Loan Documents or by the Multi-Purpose Mortgage;

b) we discover that any statement or promise you made in your loan application or the Multi-Purpose Mortgage is untrue or inaccurate or cannot be performed; or that you have used proceeds for a purpose other than is shown on your loan application;

(c) we have reason to believe that you have abandoned the Land;

d) we receive notice of, or there is registered, any assignment for the general benefit of creditors, tax sale proceeding, work order, debt review proceeding or mediation, undefended statement of claim, builder's lien, agreement for sale, notice of security interest, judgment or other lien, proceeding or encumbrance affecting you or the Land which, in our sole opinion, could affect the priority of our Multi-Purpose Mortgage or your ability to fulfill your obligations under it;

) if at any time, during the course of construction, we are not satisfied with the progress or the quality of construction where our Mortgage is securing progressive advances under a construction project;

) we believe that the security of our position is threatened in any way;

) you die or otherwise cease to exist;

(h) there occurs any other event or occurrence which is stated or described to be an event or occurrence of default in any existing or future agreement or other writing between us pertaining to any of the indebtedness secured by this Multi-Purpose Mortgage;

where you are in default under any other security held by us at any time to secure your obligations secured by this Multi-Purpose Mortgage, in whole or in part;

where you are in default of your obligations under any other encumbrance, claim or other interest which charges the Land and which holds priority against the Land ahead of the priority of the security of this Multi-Purpose Mortgage;

(k) if we lose the benefit of any other security at any time held by us to secure, in whole or in part, your obligations secured by this Multi-Purpose Mortgage (except where we release the same by written release or discharge), including the benefit of any guarantee, covenant or indemnity obligation of any person or persons.

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13.2 Payment On Sale Or Transfer

If you sell, convey or transfer your Land or agree to do so to anyone without obtaining prior written approval from us, the Loan Amount shall, at our option, immediately become payable in full. If we accept payment from any person or persons whom we have not first approved in writing, this shall not mean that we have granted prior written approval nor that we have relinquished our right to require you to pay the Loan Amount in full. For the purposes of this provision, you will be treated as having sold, conveyed or transferred your Land where (i) ownership of your Land changes by operation of law (for example, if you are a natural person, if you die, or if you are a corporation, if your corporate existence ceases or if you amalgamate with one or more other corporations) and (ii) you are a corporation and there is a change in the ownership of your issued shares such that voting control changes hands (voting control meaning the right to exercise more than 50% of all of the voting rights attaching to your issued share capital).

You shall provide us with sufficient written information to enable us to determine whether we should give our written approval and we shall, upon receipt of sufficient information, make our determination in a timely manner. Prior written approval by us shall not be unreasonably withheld.

If we approve of the transfer of your Land to a new owner or owners, one of our requirements for giving our approval may be that the new owner(s) sign such agreements confirming indebtedness to us, in a form and content acceptable to us.

If we are entitled to exercise our option to accelerate repayment in full of the Loan Amount, we will not be taken to have done so unless we confirm this to you in writing. If we so exercise that option, we can do so without considering you to be in default and thereby require you (and/or your transferee) to repay the Loan Amount in full together with a prepayment penalty as outlined in paragraph 13.3.

13.3 Prepayment Provisions

Your rights, if any, to prepay the balance outstanding on any of your obligations secured by this Multi-Purpose Mortgage may be contained in one or more of the Loan Documents. If any part of the Loan Amount is advanced pursuant to a line of credit agreement, you may pay all or any part of that portion of the Loan Amount at any time, without notice, or penalty.

13.4 Loan Amount Exceeding Principal Amount

If the Loan Amount should at any time or from time to time be greater than the Principal Amount set out in the Mortgage, and because of an applicable law, part of the Loan Amount is not secured by this Mortgage, or is partially secured, we may, at any time and from time to time, decide what portion of the Loan Amount shall be so secured by the Mortgage, and which portion shall not be secured. Nothing in the Mortgage shall prejudice or otherwise affect in any way any right we may have, independent of the Mortgage, to enforce payment of any amount now or later owing to us (whether under the Loan Documents or otherwise) by you or any other person. Any payment made by you to us (whether under the Mortgage or the Loan Documents or otherwise and whether before or after demand, default or judgment) and any amount realized by us from any security (including the Mortgage) may be applied to such part or parts of the Loan Amount or to any other amount payable under the Mortgage as we in our sole discretion, may determine, whether or not you request a different application.

14. YOUR COVENANTS AND PROMISES TO US

You specifically covenant, promise and agree with us that:

14.1 Application

Every statement made by you to us, including statements made in your loan application, if any, is true, correct and accurate and you will perform all of your obligations in any loan application signed by you. The terms of your loan application, if any, are incorporated into the Mortgage, but where there is a conflict between the terms of the commitment letter, if any, and the Mortgage, the terms of the Mortgage shall prevail.

14.2 Title

(a) Freehold Title

If you are or are entitled to be an owner in fee simple of or with an absolute title to the Land, you certify, covenant and agree with us that:

(i) you will pay the Loan Amount as required by the Mortgage or any Loan Documents, will pay Taxes assessed against the Land and will comply with all other obligations of the Mortgage or any Loan Documents;

(ii) you are or are entitled to be the lawful owner of the Land;

(iii) you have the right to give us the Mortgage;

(iv) there are no encumbrances or other claims or interests affecting title to the Land, except those to which we have given our prior written consent;

(v) there are no limitations affecting title to the Land except for any restrictions registered in the land titles office and except for building and zoning by-laws, all of which we have approved of in writing, with all of which you and the Land have complied;

(vi) you will insure the buildings on the Land as required by paragraph 14.7;

(vii) you will, at your expense, sign any other document or take any further action as we may in our sole opinion think necessary to ensure that all your interest in the Land has been fully charged to us, and that the Loan Amount is, in our sole opinion, adequately secured;

(viii) if you default in any of your obligations under the Mortgage or any Loan Documents, we shall have quiet possession of the Land, free from all encumbrances;

(ix) you will defend your title to the Land and will not in any way interfere with our interest in the Land.

(b) Leasehold Title

If you are or are entitled to be a tenant or lessee, under a lease, of the Land, in addition to any other provisions contained in this Mortgage, you certify, covenant and agree with us that:

(i) you will pay the Loan Amount as required by the Mortgage or any Loan Documents, will pay Taxes assessed against your interest in the Land (and will cause your lessor to pay Taxes assessed against the lessor's interest in the Land), and will comply with all other obligations of the Mortgage or any Loan Documents;

(ii) the Land is leased to you (or you are entitled to have the Land leased to you) under a valid lease, a true copy of which you have given us and that you have (or you are entitled to have) good leasehold title to the Land;

(iii) all rents and other monies payable under the lease have been paid and there are no unremedied defaults (no matter when or by whom committed) outstanding under the lease, in both cases up to the date you sign the Mortgage Document;

(iv) you have the consent of your landlord or lessor, or you have the right without your landlord or lessor's consent, to charge your interest in the lease to us in either case, either without conditions or requirements of your landlord or lessor, or, upon conditions and requirements which we have approved of in writing;

(v) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the land titles office and except for building and zoning by-laws, with all of which you and your landlord have complied. There are no encumbrances or other claims or interests affecting title to your interest in the Land, except those to which we have given our prior written consent;

(vi) you will pay rents and other payments required by the lease as they fall due;

(vii) you will comply with all your other obligations set out in the lease;

(viii) you will not surrender the lease or cause it to be terminated;

(ix) you will not make any change in the lease without first obtaining our written consent;

(x) you will promptly give us a true copy of any notice, demand or request which you may receive relating to the lease;

(xi) you will, at your expense, sign any other document or take any further action as we may think necessary in our sole opinion to ensure that all your interest in the Land and in the lease has been fully charged to us, and that the Loan Amount is, in our sole opinion, adequately secured;

(xii) if you default in any of your obligations under the Mortgage or any Loan Documents, we shall have quiet possession of the Land, free from all encumbrances;

(xiii) you will defend your title to the Land, will not in any way interfere with our interest in the Land and will indemnify us against all actions, claims, costs and demands should you default under your lease and all amounts you may owe us at any time by virtue of your indemnification will be added to the Loan Amount and will be secured by the security of this Mortgage, and, this indemnity will survive any discharge of the Mortgage;

(xiv) notwithstanding anything contained in or implied from any terms in the Mortgage, it is understood and agreed that the mortgage charge created by this Mortgage will not apply to the last day of the term of your lease, or to the last day of any renewal or extension term thereof, and you will hold the Land for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph as you already enjoy under other provisions of the Mortgage and at law. You will, when requested by us, obtain written assurances and undertakings from your lessor and all persons holding mortgages or other encumbrances, claims or interests in your lessor's interest in the Land which will protect us against any exercise of any of the rights, claims or interests of such other persons, the same to be at your cost and to be upon such terms as we deem necessary, acting reasonably;

(xv) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the Mortgage, then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the Land and for that person's Successors;

(xvi) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the Land as we may require to perfect any sale we may make;

(xvii) if you acquire the freehold estate or interest in the Land prior to the discharge of the Mortgage, you will, on our request and at your cost and expense, provide us with a mortgage of such estate or interest, on terms substantially the same as those contained in the Mortgage;

(xviii) you will from time to time, when we ask you to do this, provide to us at your cost, written statements from your lessor advising as to the status of the lease.

14.3 Further Encumbrances

You will not without our prior written consent create or allow to be created any other mortgage, charge, lien, claim, interest or encumbrance over the Land. This prohibition applies to any mortgage, charge, lien, claim, interest or encumbrance which is or may be registered against the title to the Land or which is valid without being registered against such title, and it applies to those which you may create by intentional act and those which arise by operation of law or under statute.

14.4 Use Of Loan

The loan proceeds will be used only for the purposes stated in the loan application and approved by us.

14.5 Covenant To Pay

You promise to pay the Loan Amount secured by and payable under the Mortgage or Loan Documents, as and when required by the Mortgage or Loan Documents, without any deduction or set-off.

14.6 Taxes, *Etc.*

You will promptly pay all Taxes, liens, charges, encumbrances and other claims which may have or may acquire a priority over the Mortgage, and provide us with evidence of payment on request.

(a) In addition to any other rights we may have, we may deduct from any advance of Principal Amount an amount sufficient to pay such Taxes or charges, and pay them directly, or we may pay them and add them to the Loan Amount.

(b) We may at any time require you to pay, either with your payments set out in the Mortgage or at any other times we determine, such additional amounts as we think necessary to provide a fund sufficient to pay Taxes as they fall due (the "tax fund"). Such additional amounts will be determined by our estimate of the amount of Taxes and the number of payments to be made before Taxes are due.

(c) If we require such a tax fund:

  (i) we do not have to hold it in trust, or pay interest on it, or apply it to Taxes more than once a year;

  (ii) we can apply it to remedy any default, or to any part of the Loan Amount if you are in default of any obligation;

  (iii) if the Taxes charged in any year exceed the tax fund, you will immediately pay us the shortfall. If you do not, we may leave that portion of Taxes unpaid, or we may pay it directly and add it to the Loan Amount;

  (iv) you will send us all tax bills or other notices relating to Taxes as soon as you receive them;

  (v) if you wish to obtain any discount for early payment of Taxes, or to avoid any penalties, you will pay us any additional amounts necessary to do so.

14.7 Insurance

You will immediately insure and keep insured all buildings, structures, fixtures and improvements on the Land for not less than their full insurable replacement value until the Mortgage is discharged. You must insure against loss or damage by fire, with standard extended perils coverage, and such additional perils, risks or events as we may require at any time.

If our loan approval so requires, you must also place and maintain crop or hail insurance, or both, in any or all crops grown on the Land, for their full insurable value or to the extent required by us. If our loan approval so requires, you must also place and maintain such other kinds of insurance as may be specified in the approval.

If a steam boiler, pressure vessel, oil or gas burner, stoker, sprinkler system or other comparable apparatus is operated on the Land, you must so insure against loss or damage caused by such device.

All insurance policies must be carried with an insurer or insurers acceptable to us. They must contain standard mortgage clauses approved by the Insurance Bureau of Canada or by us, under which loss proceeds are payable first to us, or as our interest may appear, and we shall have the right to receive and to have a lien on such loss proceeds. If we become the owner of the Land by virtue of the Mortgage, then notwithstanding that all indebtedness secured by the Mortgage will or may have been extinguished, all your right and interest in all insurance applicable to the Land then in effect will pass to us and become our property.

All such policies shall contain an undertaking by the insurers to notify us in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew, or termination of the policy. If you do not take out or you fail to keep in force any such insurance, or if any such insurance is not approved by us, and if you do not rectify the situation within ten (10) days after written notice from us to you, we have the right, without assuming any obligation in connection to do so, to arrange for insurance at your sole cost and expense. If we are obligated to pay any premiums or sums of money for insurance for the Land or any part thereof the amount of such payment shall be added to the debt secured by the Mortgage and shall bear interest at the same rate applicable to principal as set out in the Mortgage from the time of such payments and shall be payable at the time appointed for the next ensuing paying of interest on the said debt.

You must, on our request, provide us with a certified copy of each such policy, and with evidence of its renewal before its expiry date. We may, but are not obliged to, place and pay for any insurance policy which we think necessary to protect our inter[illegible] will form part of Other Charges.

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If loss or damage occurs, you will immediately and at your expense, furnish all necessary proofs and do everything necessary to enable us to obtain the insurance proceeds. You hereby authorize us to act in your place (which we are not obliged to do) and to take all such steps in order to cause the insurance proceeds to be payable to us.

Insurance proceeds received by us may at our sole option and in our sole discretion be:

(a) applied to repair or rebuild your property; or

(b) applied to reduce any part of the Loan Amount as we determine in our sole discretion, whether due or not, and if we choose to apply insurance loss proceeds to repay the full balance of any loan secured by this Mortgage, we shall also be entitled to collect from you (and to pay ourselves out of such loss proceeds) a prepayment penalty referred to in paragraph 12.7 or paragraph 13.3;

(c) paid to you; or

(d) paid on account of any other mortgage, charge, encumbrance, lien, claim or other interest applicable to the Land; or

(e) applied partly in two or more of the foregoing ways.

14.8 No Urea Formaldehyde Foam Insulation (U.F.F.I.)

You promise that no building, addition or improvement on the Land has been insulated with U.F.F.I. You will not insulate or allow any building, addition or improvement on the Land to be insulated with that type of insulation. All monies secured by this Mortgage will immediately become due and payable if it is at any time determined that any building, addition or improvement subject to this Mortgage contains U.F.F.I.

14.9 Vacancy, Waste

You will not allow the Land to become or remain vacant or abandoned, and you will not commit or allow any act of waste or any other act or thing which in our opinion could decrease the value of the Land. You will also comply with all municipal, provincial and federal laws, rules, regulations and requirements applicable to the Land or any portion or portions thereof, including, without limitation, those dealing with environmental protection, zoning, health, fire prevention, and, building, electrical and plumbing codes. You agree to indemnify us against all liability, loss, cost and expense incurred by us as a result of your failing to comply with this paragraph. All amounts which you may owe us at any time by virtue of your indemnification will be added to the Loan Amount and will be secured by the security of this Mortgage. Your indemnification will survive any discharge of this Mortgage.

14.10 Hazardous Substances

(a) Definition

Reference herein to "Hazardous Substances" means any substance which is hazardous to persons or property and includes, without limiting the generality of the foregoing:

- (i) radioactive materials;
- (ii) explosives;
- (iii) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to use by people or by any animal, fish or plant;
- (iv) any solid, liquid, gas or odour or combination of any of them that, if emitted by air, would create or contribute to the creation of a condition of air that:
  - (I) endangers the health, safety or welfare of persons or the health of animal life; or
  - (II) causes interference with normal enjoyment of life or property; or
  - (III) causes damage to plant life or to property;
- (v) the substances including, without restriction, urea formaldehyde foam insulation, asbestos and poly-chlorinated byphenyls;
- (vi) substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or put into force by any governmental authority having jurisdiction over you, the Credit Union or the Land; and
- (vii) substances which we, acting reasonably, determine to be hazardous or toxic.

(b) Representation

Neither you, nor, to your best knowledge, any other person has ever caused or permitted any Hazardous Substance to be placed, held, located or disposed of on, under or at the Land, save and except as disclosed to us in writing.

(c) Covenants

You hereby covenant and agree with us as follows:

- (i) you shall not allow any Hazardous Substance to be placed, held, located or disposed of on, under or at the Land without prior written consent;
- (ii) you shall not allow the Land to be used in any manner in contravention of any applicable laws intended to protect the environment, including without limitation, laws respecting the disposal and emission of Hazardous Substances;
- (iii) to the extent that Hazardous Substances are, with our consent, placed, held, located or disposed of on, under or at the Land in accordance with the terms hereof, you shall:
  - (I) comply with, or cause to be complied with, all applicable laws and regulations relating to the use, storage and disposal of the Hazardous Substances; and
  - (II) at our request, provide evidence to us of compliance with all applicable laws and regulations, such evidence to include inspection reports and such tests as we may reasonably require, all at your expense;
- (iv) without restricting the generality of the foregoing, in the event that gasoline or other storage tanks are located on, under or at the Land, you shall:
  - (I) cause the storage tanks to be maintained and repaired in a manner satisfactory to us, and if you decide to remove any such tanks, or government authorities with jurisdiction require you to remove them, you will remove them in accordance with the requirements of applicable law and provide us with evidence of such compliance by you; and
  - (II) at our request, obtain assignments of any warranties or guarantees received from the manufacturer or installer of such storage tanks in our favour as additional security.

(d) Indemnity

You hereby indemnify and save us and our Successors harmless from and against any and all losses, liabilities, damages, costs and expenses of any kind whatsoever including, without limitation:

- (i) the costs of defending, counter-claiming or claiming over against third parties in respect of any action or matter including legal fees, costs and disbursements on a solicitor and client basis and at all court levels;
- (ii) any cost, liability or damage arising out of a settlement of any action entered into by us with or without your consent; and
- (iii) the costs of repairs, clean-up or restoration paid by us and any fines levied against us;

which at any time or from time to time may be paid, incurred or asserted against us, as a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release of Hazardous Substances from the Land either into the atmosphere or into any water or onto any lands (including the Land). This indemnification shall survive the satisfaction, release or enforcement of this Mortgage or security collateral hereto and the full repayment of the Loan Amount thereon at the Interest Rate, together with all other monies secured by this Mortgage, including without restriction, any Other Charges made or incurred by us hereunder.

4.11 Repair

You will maintain the Land at all times and keep it in good condition and repair. If you do not, we can perform any maintenance, repairs or improvements we think necessary, and add the costs to the Loan Amount. Any repairs or improvements form part of our security. Before commencing any epairs or improvements, or before making any additions, you will first obtain our written consent therefor, and you agree that prior to our giving such onsent, we may require that you engage or promise to engage competent architects, engineers, designers, contractors and tradespersons.

14.12 Quiet Possession On Default

If you default in any of your obligations under the Mortgage or any Loan Documents, we will have quiet possession of the Land free from all ncumbrances, claims or other interests, excepting only for those to which we have agreed in writing to subordinate our Mortgage. We may, by notice to you, require you to vacate the Land and remove all of your belongings from it.

4.13 Other Obligations And Agreements

You will comply with every other covenant, promise and agreement you have made to us, or which you may hereafter make to us, as if every one were set out as a specific covenant in this paragraph 14.

4.14 Further Assurances

You will at your expense give further security, sign any other document, and do anything further which we think necessary to ensure that your interest in the Land is fully mortgaged to us, and that the Loan Amount is adequately secured.

4.15 Default

You acknowledge the terms and conditions of any commitment letter (and any amendments thereto, any reference to the "commitment letter" in the Mortgage to mean the commitment letter as originally signed and all amendments which may be made from time to time) relating to this Mortgage and that uch terms and conditions are included in and incorporated by reference in the terms hereof and shall not merge in this Mortgage and that default ereunder or under the commitment letter will constitute default herein and vice versa; provided that in the event of any conflict between the provisions of ny commitment letter and this Mortgage, the terms of this Mortgage shall govern. If you default on the terms of any prior encumbrance or any other loan or mortgage with us, we may consider you in default under this Mortgage. If you default under this Mortgage, we may consider you in default of any other loan r mortgage with us.

4.16 No Change in Use

As long as the Mortgage remains undischarged, you will not change or permit any change in the use of the Land (even if the same is permitted by pplicable law) from the use which has been approved of by us, and you will not request or support any rezoning or other change regarding usage of the and without obtaining our prior written consent.

14.17 Inspections

We or an agent appointed by us, may, at any time, before and after default, and for any purpose deemed necessary by us, enter upon the Land to nspect the Land and all buildings thereon. Without in any way limiting the generality of the foregoing, we (or our agents) may enter upon the Land to onduct any environmental testing, site assessment, investigation or study deemed necessary by us and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the Interest Rate, shall be payable by you forthwith and shall be a mortgage upon the Land. The xercise of any of the powers enumerated in this clause shall not deem the Credit Union, CMHC, or other mortgage insurer or their respective agents to be n possession, management or control of the Land.

15. PROTECTING OUR INTERESTS

We have the right to do anything which we feel necessary to protect our interests in the Land and to secure payment of the Loan Amount. This may nclude, but not be restricted to, such things as:

(a) paying Taxes, liens or encumbrances;

b) entering, inspecting, surveying or appraising the Land. Entry by us shall not make us a mortgagee in possession or responsible for the obligations of a mortgagee in possession and we may do any of these things both before and after any default by you under this Mortgage;

(c) managing, caretaking, or leasing the Land and collecting the rents and profits;

d) insuring the Land or crops;

e) repairing, maintaining or improving the Land, or finishing any uncompleted structure;

f) working, breaking, summerfallowing, controlling weeds, harvesting or otherwise farming the Land;

g) fulfilling any of your obligations or agreements expressed or implied in the Mortgage, which you have failed to fulfill;

(h) doing any other thing which in our sole opinion is necessary to preserve the value of the Land, perfect the Mortgage or collect the Loan Amount.

These things may be done without notice or your consent, and at your expense. For these purposes, we and our agents may enter on the Land at ll reasonable times without interference from you. While you agree that we have the rights described in this paragraph 15, you also agree that we are under no obligation to exercise any of those rights, and that if we do exercise them, you will have no claim against us by reason of anything which we did (or omitted to do) in exercising any of such rights.

6. OTHER CHARGES

All costs which we customarily charge, or may pay or be liable to pay will be deemed to be Other Charges and shall be paid by you as such. They ay include, but are not restricted to:

a) costs incurred in placing or perfecting the Mortgage security, including survey and legal costs;

(b) our service charges and processing fees payable on application, appraisal, renewal, extension, amendment, transfer, discharge, prepayment, preparation of assumption statements, life or disability insurance premiums, or any other service charge announced by us at any time;

c) all costs of doing anything we are entitled to do under the Mortgage, including those things listed in the previous paragraph 15;

(d) all costs of enforcing our rights and remedies under the Mortgage, and of any proceedings to take possession of, lease, manage or foreclose the Land, appoint a receiver or do anything else we are entitled to do;

e) all costs incurred by us as a secured creditor under the *Bankruptcy and Insolvency Act* (Canada); particularly, those costs imposed upon us due to proposals and the stay provisions of that act.

In all cases, such costs include our legal fees on a lawyer-client basis, and a reasonable allowance for the time and service of our employees and ll the expenses of professionals and consultants incurred by us under the *Bankruptcy and Insolvency Act* (Canada).

These Other Charges are added to the Loan Amount and bear interest from the date they are paid by us. They are part of the Loan Amount, ecured by the Mortgage and are a charge upon the Land. They are payable immediately upon being paid by us. When we pay any such charge, we stand n the legal position of the creditor so paid.

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17. OUR REMEDIES ON DEFAULT

If you default in any payment or other obligation under this Mortgage or the Loan Documents, we may take any one or more of the following remedies as permitted by law:

17.1 Sue

We may demand payment of the Loan Amount and sue you for it.

17.2 Take Possession And Lease

If you default in making any payment of the Loan Amount for one month, we can take possession of the Land and lease it on such terms and for whatever period we may decide upon to any maximum period allowed by law. We may also lease the Land or any portion or portions thereof without taking possession thereof.

17.3 Collect Rents And Profits

We may collect the rents and profits from the Land, and if they are not sufficient to pay the Loan Amount, you will owe us the deficiency.

17.4 Distrain

Except where the Land is residential premises, we may enter and seize goods on your Land, and sell them to recover the unpaid balance of the Loan Amount. You expressly waive any defect or irregularity with respect to such seizure.

17.5 Sell

If your default continues for thirty days, we may on notice to you as required by the Act or a court, sell all or any part or any parts of the Land. Any sale can be for cash, credit, or part cash and part credit, by public auction or private contract, and for such price as we can obtain. We are not accountable for sale proceeds until we actually receive them. If net sale proceeds are not sufficient to pay the Loan Amount, you will owe us the deficiency. No lack of notice or irregularity invalidates the sale, and if you or anyone claiming under or through you has any claim arising by virtue of the sale, that claim will be asserted against us alone, and in any event will not be asserted against the Land or anyone who purchases the Land (or any portion or portions thereof) from us, and those claiming under and through any such purchaser.

17.6 Foreclosure

If the Land is not sold after we obtain an order for sale, we can foreclose. If we obtain a final order of foreclosure, the Land belongs to us.

17.7 Appoint Receiver

If you are in default in the observance or performance of any of the terms, conditions, covenants or payments described herein or in any additional security given by you to us then we can, in writing, appoint any person or persons whether our officer or officers or employee or employees, or not, to be a receiver or receivers of the Land and assets which are charged in our favour and the rents and the profits derived therefrom, and can remove any receiver or receivers so appointed and appoint another or others in place of such receiver or receivers. The term "receiver" as used in this Mortgage shall include a receiver, a manager or a receiver and manager. The following provisions shall apply to this paragraph:

(a) A receiver or receivers so appointed are conclusively your agent or agents and you shall be solely responsible for the acts or defaults and for the remuneration and expenses of the receiver or receivers. We shall not be in any way responsible for any misconduct or negligence on the part of any receiver or receivers and may, from time to time, fix the remuneration of every receiver or receivers and be at liberty to direct the repayment thereof from the proceeds collected.

(b) Nothing contained herein and nothing done by us or by a receiver or receivers shall render us a mortgagee in possession or responsible as such.

(c) All monies received by the receiver or receivers after providing for payment and charges ranking prior to this Mortgage and for all costs, charges and expenses of or incidental to the exercise of any of the powers of the receiver or receivers can be applied in or towards satisfaction of the monies owing pursuant to this Mortgage.

(d) The receiver or receivers so appointed shall have power to:

    (i) take possession of, collect and get in the Land or any part thereof, rents and profits thereof, and the subject matters of any additional security granted by you to us and for that purpose to take any proceedings, be they legal or otherwise, in your name or otherwise;

    (ii) carry on or concur in carrying on the business which you are conducting on and from the Land;

    (iii) lease or re-lease all or any portion of the Land and for this purpose to execute contracts in your name, which contracts shall be binding upon you; and

    (iv) take such other action as may be authorized or directed by us in writing to the receiver or which may be granted to the receiver by a court.

The rights and powers conferred by this paragraph are supplemental to and not in substitution for any other rights which we may have from time to time.

17.8 Other Remedies

We may pursue any other remedy which is permitted by law. If, in enforcing any of our remedies, we enter into possession of the Land, you will not interfere with our possession or with the possession of any receiver or any person to whom the Land is leased or sold. You will make no claim against any person to whom the Land is leased or sold. If you have any claim concerning the Land, it is only against us and only for money damages. All costs we incur in enforcing any of these remedies are payable by you as explained in paragraph 16.

17.9 Our Obligation To Make Further Advances Ends

We shall have no further obligation to advance any monies or other value secured or intended to be secured by this Mortgage.

17.10 You Are Not Relieved Where We Remedy Your Default

If we take action to remedy any failure by you to perform any of your obligations (as referred to in paragraph 15 of this document), and notwithstanding that we exercise our consequent right to add the costs thereby incurred by us to the Loan Amount, such remedying by us will not relieve you from the other consequences of default hereunder and our remedying of your default will not be considered to be a remedying of same by you.

18. RIGHTS CUMULATIVE

The rights and remedies we have under the Mortgage are in addition to, and not in substitution for, any rights, remedies or powers which we may now or in future have under any law or statute or otherwise, including by way of agreement with you or with those claiming under or through you who have the right and power to grant us rights and remedies. Where we exercise any right or remedy on any one occasion, this will not be taken by you or anyone claiming under or through you that we have exhausted our entitlement to exercise such right or remedy, and we shall be entitled to exercise such rights o remedies on any number of subsequent occasions as we deem appropriate.

19. NON-MERGER

If we obtain any court judgment against you in any action to enforce our rights and remedies, such judgment does not prevent us from pursuing ou other remedies or our rights to enforce your other obligations, including our right to receive interest as required by the Mortgage.

20. DELAY IN ENFORCEMENT

No delay in enforcing any of our rights under the Mortgage affects the validity of those rights, or our ability to enforce them at any time. If we do not immediately enforce any obligation you have failed to perform, our delay does not waive or cure any existing default, and does not justify your default or delay on any other occasion. No default is waived or cured except by our written agreement. Just because we waive or forgive payment or performance o any of your obligations under this Mortgage on any particular occasion, this is not to be taken by you (or anyone else claiming under or through you) that we will waive or forgive performance of any of your other obligations on any subsequent occasion.

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21. ADVANCES OF PRINCIPAL AMOUNT

1.1 Advances After Signing

If any part of the Principal Amount is not advanced at the date you sign the Mortgage, we may advance it in one or more advances at any future time, and such future advances are secured by the Mortgage and repayable with interest as explained in the Mortgage or any Loan Documents.

1.2 Credit Union Not Bound To Advance

If for any reason we do not wish to advance all or part of the unadvanced Principal Amount, we are not bound to do so. This applies even if the Mortgage has been signed and registered, and whether or not any part of the Principal Amount has already been advanced. Even if we do not advance all r part of the Principal Amount, you have mortgaged all of your interest in the Land to us, and you are required to pay us all our costs and expenses ncluding legal fees on a lawyer-client basis) for investigating your loan application and title, and preparing and registering the Mortgage. Such costs and expenses are secured by the Mortgage, are a charge on the Land, and are payable immediately, with interest at the Interest Rate.

Without limiting our discretion to refuse any advance of the Principal Amount for any reason, we may so refuse if:

a) the facts have changed materially from those shown on the loan application;

(b) there has been any misrepresentation;

c) any lawyer's report on investigation of your title or as to the status of this Mortgage or any other security is unsatisfactory to us, or suggests that we will not receive a valid, enforceable Mortgage; or

(d) funds have not been advanced on or before any commitment date we may have indicated in your loan approval (or other date which we have specified as a deadline for advancement of some or all of the funds to be secured by this Mortgage).

2. PARTIAL RELEASE AND POSTPONEMENT

At our discretion, we may at any time release our interest in all or part of the Land, whether or not we receive payment for doing so, and be accountable to you only for money we actually receive. If we release our interest in part of the Land only, the remainder will continue to secure the Loan Amount, and the obligations of you and any Covenantor continue unchanged.

We may also release any Covenantor or other Borrower from any or all obligations under the Mortgage, whether or not we receive payment for doing so, and be accountable to you only for money we actually receive. Such a release does not affect the obligations of any remaining Covenantor or Borrower. We may also postpone this Mortgage, in whole or in part, and on such terms as we deem appropriate, in favour of any other encumbrance, claim or other interest now or hereafter existing, and if we do the foregoing or any of the foregoing, this shall not in any way and to any degree whatsoever release or discharge you, or any other person who is, in whole or in part, responsible for payment of the obligations secured by this Mortgage, nor will the same release or entitle you to a release of any security held by us, including the security constituted by this Mortgage.

3. ATTORNMENT

To better secure the punctual payment of the Loan Amount, you attorn tenant to us, at a periodic rent equal to the periodic payments due under the Mortgage. The legal relationship of landlord and tenant is created, but we can at any time after a default under the Mortgage, terminate the tenancy without iving notice. Provided, however, and it is hereby agreed that neither this clause nor anything done by virtue thereof shall render the Credit Union a mortgagee in possession or accountable for any monies except those actually received.

This paragraph does not apply to a "rental unit" comprising all or any part of the Land, as that term is defined in *The Tenant Protection Act (Ontario)* nd amendments thereto.

24. EXPROPRIATION

If all of the Land is expropriated, the Loan Amount will become immediately due and payable. If part of the Land is expropriated, all amounts you are paid for any expropriation, whether a complete or partial expropriation, will be paid to us and applied to the Loan Amount. If in our opinion the balance of he Land does not adequately secure the Loan Amount, then the Loan Amount or so much of it as we determine, will immediately become due and payable together with prepayment penalty, if any. You will direct the expropriating authorities to send all expropriation proceeds to us, but if you at any time come into control or possession of same, you will hold same in trust for us.

25. SUBDIVISION

If you subdivide the Land, the Mortgage will continue to apply to each subdivided parcel, and each parcel will be subject to the Loan Amount owing. We may release one or more parcels without affecting your obligations under the Mortgage. Nothing in this paragraph 25 shall be taken by you (or anyone claiming under or through you) that we have given or may hereafter give our permission to subdivide the Land.

26. CONDOMINIUM

If the Land is a condominium unit registered under *The Condominium Act 1998*, you agree to the promises set out in this paragraph 26.

6.1 Compliance With *The Condominium Act* And Declaration

You will comply with *The Condominium Act 1998* and the declaration, by-laws, and rules of the condominium corporation (the "Corporation") of which you are a member.

26.2 Common Expenses

You will pay when due your share of the common expenses of the Corporation and all other levies made by the Corporation against the unit. If you do not, we can pay that amount for you and add it to the Loan Amount so that it will bear interest at the Interest Rate, be secured by the Mortgage and form a charge on the Land. We can also deduct any such expenses or levies from any advance which we may make which is to be secured under this Mortgage.

26.3 Authorization To Vote

You authorize us both before and after default to exercise any rights you have as owner to vote for, act on or consent to any matter relating to the condominium property or to the affairs of the Corporation. Provided that we will have no responsibility to you regarding our exercise (or non-exercise) of the rights granted to us in this paragraph, and if and when we do exercise such rights, we shall have no responsibility to do so in a manner for your benefit or which protects your interests.

26.4 Insurance

Unless the unit is a bare land Condominium Unit where the Condominium Corporation has no obligation to insure the units, in which case the nsurance provisions set out in paragraph 14.7 shall apply, you or the Condominium Corporation of which you are a member by virtue of your title to the unit, or both of you, will at all times insure the unit and keep it insured with insurance in an amount of not less than one hundred percent (100%) of the full replacement cost of, with coverage against (at least) the perils of fire and standard extended coverage on, each and every building on the Land and which may hereafter be erected thereon, both during erection and thereafter. Each policy of insurance shall provide that loss, if any, shall be payable to the Credit Union as its interest may appear and shall contain the standard mortgage clause approved by the Credit Union. You and the Condominium Corporation will assign, transfer and deliver to the Credit Union, certificates of insurance or, if required by the Credit Union, certified copies of each such insurance policy, as soon as practicable after the placing of the required insurance. All such policies shall contain an undertaking by the insurers to notify the Credit Union in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew, or termination thereof. If you fail to take out or to keep in force any such insurance, or should any such insurance not be approved by the Credit Union, and should you not rectify the situation within ten (10) days after written notice by the Credit Union to you, the Credit Union has the right, without assuming any obligation in connection therewith, to effect such insurance at your sole cost and expense. If the Credit Union is obligated to pay any premiums or sums of money for insurance for the premises or any part thereof the amount of such payment shall be added to the debt secured by the Mortgage and shall bear interest at the same rate applicable to principal as set out in the Mortgage from the time of such payments and shall be payable at the time appointed for the next ensuing paying of interest on the said debt. On the happening of any loss or damage, you or the Condominium Corporation or both shall comply fully with the terms of the policy, or policies, of insurance and, without limiting the generality of the foregoing, your obligation to observe and perform all the duties and obligations imposed on you by *The*

Condominium Act and the Declaration and By-Laws of the Condominium Corporation as hereinafter provided. You shall comply with the insurance provisions of the Declaration; and you, as a member of the Condominium Corporation, shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

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To the extent that you have assigned your voting rights in connection with any matter relating to (i) insurance, (ii) repair after damage or (iii) termination, to us, such assignment shall take the place of any requirement that loss payable under the policy of insurance covering the units and the common elements be payable to us.

If a sprinkler system or a steam boiler or any other thing or apparatus generating steam or operated by steam shall be installed or operated on the land or in any building in which the whole or any part of the unit is situate, you or the Condominium Corporation or both of you shall insure and during the continuance of this Mortgage keep insured the buildings on the said land or any buildings in which the whole or any part of the unit is situate against loss or damage caused by such sprinkler system or by such boiler or other thing or apparatus or bursting or explosion thereof or defect therein to the full replacement value of such buildings.

All policies of insurance upon or in respect of such buildings shall have loss payable to a Trustee approved by us pursuant to an Insurance Trust Agreement approved by us unless we have waived this requirement in writing, and the terms of any such Insurance Trust Agreement shall not be altered without our prior consent in writing.

26.5 More Than One Condominium Unit

If the Land comprises two or more condominium units registered under *The Condominium Act*, then you agree:

(a) that the foregoing provisions of this paragraph 26 will apply to such units;

(b) that your right to receive from us a statement of the debts secured by this security once every twelve months, or as needed for pay off or sale (pursuant to the provisions of *The Mortgage Act*) shall be deemed not to apply separately to each condominium unit;

(c) that no sale of individual units will be permitted without our prior written consent;

(d) that you will not invoke any provision now or in the future existing under *The Condominium Act 1998* as from time to time amended, replaced or supplemented or under any other statute or law respecting pre-payment in whole or in part of the obligations secured by this security, the intent hereof being that this security shall continue to mortgage and charge each of the condominium units comprising the Land and that each of such units shall be subject to the payment, fulfillment and performance of all of the obligations hereby secured. If you or any other person or persons invokes any such provisions or any similar rights which has the effect of defeating or nullifying the purpose or intention of this provision, then, at our option, this shall constitute default under this security.

26.6 Acknowledgment Of Mortgage

You will cause each of the Corporation, the insurance trustee (if any) and the insurers of the condominium property to acknowledge to us in writing, the existence of this Mortgage and our address for the provision of notices to us.

26.7 Termination Of Condominium Status

If the government of the condominium property under *The Condominium Act 1998* is terminated then such occurrence will be and be deemed to be an event or occurrence of default under this Mortgage.

27. IMPROVEMENT TO LAND

If you make any improvement to the Land (including any new construction, or any alteration, repair, addition, or demolition) we require you to submit any contracts, plans and specifications to us for approval before the work begins. You will not proceed with the work without our consent. You will complete the work as quickly as possible, in accordance with all government requirements and building standards, at your expense, and provide us with proof of payment and proof of compliance with such government requirements on request. You must withhold all required construction lien holdbacks and you must also comply with all of your other obligations under *The Construction Lien Act*. We may withhold any advances until we are satisfied that you have complied with your obligations to pay the cost of improvement and we may also withhold from any advance all such other amounts as we are entitled to withhold pursuant to any other agreement between us. We may obtain a court order removing any construction lien, and if necessary provide financial guarantees or other security to enable us to obtain such an order. All our costs of doing so will form part of Other Charges.

28. RENEWAL, AMENDMENT, EXTENSION

(a) We may at any time agree with you in writing to renew the term of the Mortgage, to amend its terms, or to extend the time for payment. No such agreement will adversely affect the validity of the Mortgage or your liability under it, and any such agreement is binding even if it is not registered at the land titles office. However, we may require that any amendment be registered at the land titles office, and in that case, you will ensure that all consents or postponements required, in order to enable the amendment to be so registered, are properly given and obtained at your sole cost.

(b) If:

(i) we agree to renew the term of the Mortgage or the time for payment and you fail to execute the agreement on or before the date of maturity of the Mortgage; or

(ii) we do not agree to renew the Mortgage or extend the time for payment;

you will be required to pay the Loan Amount on the date of maturity of the Mortgage, failing which we may, at our option, charge you interest at the prevailing rates at that time. If we accept any payments after maturity of this Mortgage, this will not, in the absence of an agreement to renew or otherwise amend this Mortgage, be treated by you or anyone else as meaning that we have agreed to extend the time for payment.

29. COVENANTOR

Each Covenantor promises and agrees as principal debtor to pay the Loan Amount secured by and payable under the Mortgage, as and when required by the Mortgage, and to fulfill all of the other obligations of the mortgagor under the Mortgage. This promise is a condition of the loan. No partial release of our security, and no agreement to renew, amend or extend the Mortgage and no other act or omission by us which, in the absence of this provision, would release any Covenantor in whole or in part, will reduce the liability of the Covenantor under the Mortgage. We may require payment from the Covenantor before having attempted to obtain payment from the Borrower. The obligations of the Covenantor are binding on the Covenantor's Successors, and are not altered by the bankruptcy or insolvency of the Borrower. Until all of the Borrower's obligations under this Mortgage have been paid and fulfilled, each Covenantor postpones and shall postpone all claims which each may have against the Borrower, and each Covenantor hereby assigns all of such claims, present and future, to the Credit Union. Without limiting the aforementioned obligations of each Covenantor, each Covenantor also agrees to indemnify the Credit Union with respect to any and all losses sustained by the Credit Union, which occur as a result of any default under this Mortgage.

30. CORPORATE BORROWER

If you are a corporation, you agree that:

(a) we may consider any change in the voting control of the corporation, without our prior written consent, to be a default; and

(b) at our option, you will, annually within 90 days of the end of your fiscal year, provide us with audited financial statements of income and expenditures with supporting schedules, covering your operations for the previous fiscal year, or such other financial information or statements at such time or within such periods as we may in our discretion require.

31. ASSIGNMENT OF LEASES

If you have leased, or in future do lease any part of the Land, then you will, if you have not already done so, at our request assign to us each lease and/or the right to receive all money payable under it. You also agree to give us security on chattels, fixtures and equipment and pay our entire costs relating to such security as Other Charges. You agree to obtain our prior written consent for any future lease of part of the Land. Any leasing by you will be made in accordance with the requirements of applicable law, including, where applicable, *The Tenant Protection Act (Ontario)*, and you will, at our request and at your expense, from time to time provide us with evidence of such compliance. You will ensure that any lease for a part of the Land is subordinate to our security, and if requested by us, you will, at your cost, ensure that each tenant undertakes to attorn tenant to us if and when we require this to be done.

You will not further mortgage or assign any of the leases to any other person or persons. You will from time to time advise us as to the status of each lease and you will not amend the terms of any lease unless we consent to this in writing. You will not accept any prepayment of rent under any lease without our written consent. You will indemnify us against all claims which may be made against us by virtue of any breach by you of any of your obligations as landlord under any lease, and your obligations under this indemnification shall be secured by this Mortgage and this indemnification shall survive the discharge of this Mortgage.

2. RELEASE OF INFORMATION

You authorize us to release information about you or the Mortgage to any person claiming a construction lien on the Land, a credit bureau, another credit grantor, or any other person as permitted or required by law. This authorization shall extend to all enquiries about you made at any time by a credit bureau or other lender, whether proposed or actual. The Credit Union may share information about you and this Mortgage to the extent required or desirable to induce other financial institutions to acquire an interest in this Mortgage, by way of purchase, syndication or otherwise, except in this event the Credit Union shall ensure that such other financial institution shall undertake to protect your private and confidential information.

3. EFFECT ON OTHER OBLIGATIONS AND SECURITY

This Mortgage is in addition to and not in substitution for any other security at any time held by us for all or any part of the Loan Amount secured by the Mortgage and it is agreed that we may pursue our remedies thereunder or under the Mortgage concurrently or successively at our option. Any judgment or recovery under the Mortgage or under any other security held by us for the Loan Amount secured by the Mortgage shall not affect our right to realize upon the Mortgage or any other security.

34. WHO IS BOUND

The Mortgage binds each Borrower and Covenantor and their respective Successors. It binds and benefits us and our Successors.

If more than one person has signed as Borrower or Covenantor, each person is jointly and severally liable to fulfill all of the obligations under the Mortgage.

5. NOTICE

You agree that we may provide notices to or communicate with you in writing, by mail or by personal delivery to you or by such other means as we may both agree. If you have provided to us an e-mail address or fax number, you agree that, to the extent allowed by law, we may use e-mail or facsimile transmission, as the case may be, as a means of communicating with you. We may use the latest postal, street or e-mail address or fax number that you have provided to us. You may change the postal, street or e-mail address or fax number at which you wish to receive communications from us by any written means, but until you have actually communicated such change to us by post, personal delivery, facsimile transmission or e-mail, we may continue to use the most recent postal, street or e-mail address or fax number that you have provided to us.

You may give notice to us by personal delivery to the manager of the branch office with which you deal, by prepaid ordinary or registered mail addressed to us at our address shown in the Mortgage, by e-mail or facsimile transmission.

Notice is deemed given on the date of personal delivery, e-mail or facsimile transmission, or on the fifth day after mailing. If there is a disruption in the mails, or a disruption occurs within five days after mailing, then no notice will be given by mail, and if one has already been given, it will be given again other than by way of mailing.

36. TIME

Time is of the essence.

7. HEADINGS

Headings are for convenience of reference only. They are not a part of the body of the Mortgage, and they do not affect the interpretation of the Mortgage.

8. PARTIAL INVALIDITY

If any term of the Mortgage should be found by a court to be invalid or illegal or unenforceable, that term does not apply but the rest of the Mortgage remains in full force and effect.

9. GOVERNING LAW

The Mortgage, and any matter arising from it, is governed by the law of the Province of Ontario.

0. CURRENCY AND PLACE

All payments made under the Mortgage shall be made in Canadian dollars at the branch of the Credit Union at which you regularly deal, unless you are otherwise instructed in writing.

1. MORTGAGE OF ESTATE

For better securing to us the repayment of the Loan Amount secured by the Mortgage and the performance of all of your other obligations under the Mortgage and any Loan Documents at the times and in the manner provided in the Mortgage, you hereby mortgage to us all your estate and interest in the Land.

2. NO RELEASE BY VIRTUE OF DEALINGS WITH SUCCESSORS

To the extent not prohibited by applicable law, any dealing by us with your permitted Successors, including without limitation, any arrangement for amending any of the terms of this Mortgage or any Loan Documents (including, without limitation, any amendment increasing the interest rate), will not release you from your obligation to be responsible for payment and performance of the obligations of the Borrower as so amended under this Mortgage or any Loan Documents.

3. CHANGE IN FAMILY STATUS

You will advise us of any change in your family status, including marriage, divorce, the registration of a common-law relationship, the registration of a dissolution of a common-law relationship, the establishment by co-habitation of a common-law relationship and ceasing to cohabit with a common-law partner and if any such change occurs, we are entitled to require you and such other person or persons as we deem necessary to confirm or reconfirm in writing responsibility for payment and performance of the obligations of the Borrower under this Mortgage and any Loan Documents.

44 ELECTRONIC REGISTRATION

This set of Standard Charge Terms shall also be applicable to documents registered in electronic format under Part III of the Land Registration Reform Act, R.S.O. 1990, c. L.4 as amended (the "Land Registration Reform Act") and shall be deemed to be included in every electronically registered Mortgage in which this set of Standard Charge Terms is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act, except to the extent that the provisions of this set of Standard Charge Terms are modified by additions, amendments or deletions in the schedule. Any Mortgage in an electronic format of which this set of Standard Charge Terms forms a part by reference to the above-noted filing number in such Mortgage shall hereinafter be referred to as the "Mortgage".

The delivery of the Mortgage for registration by direct electronic transfer shall have the same effect for all purposes as if such Mortgage were in written form, signed by the parties thereto and delivered to the Mortgagee. Each of the Mortgagor and, if applicable, the spouse of the Mortgagor and other party to the Mortgage agrees not to raise in any proceeding by the Mortgagee to enforce the Mortgage any want or lack of authority on the part of the person delivering the Mortgage for registration to do so.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200618 Cote

YOU CAN OBTAIN FROM US, FREE OF CHARGE, A STATEMENT OF THE AMOUNTS SECURED BY THE MORTGAGE ONCE EVERY TWELVE MONTHS, OR AS NEEDED FOR SALE OR DISCHARGE.

Dated the 10th day of April, 2006

Rick Male

RICK MALE
VP Retail Credit & Support Service

I have authority to bind the corporation

STANDARD CHARGE TERMS
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STANDARD CHARGE TERMS
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

This is the French version of the standard charge terms filed under number 200532.
La presente liste consitiue la version francaise des clauses types de charge déposées sous la cote 200532.

Document déposé par la Compagnie Montreal Trust du Canada
La liste des clauses types relatives aux charges hypothécaires suivante doit être réputée être comprise dans tout acte de charge dans lequel il est fait reference à la liste des clauses types sous la cote qui lui est attribuée, tel qu'il est-stipulé à l article 9 de la Loi.

LOI PORTANT SUR LA RÉFORME DE L'ENREGISTREMENT IMMOBILIER

CLAUSES STANDARD DE LA CHARGE N°

1. Définitions

Le terme hypothèque désigne, pour le système d'enregistrement sur papier, la Formule 2 - Acte de charge (Hypothèque), ou pour le système d'enregistrement électronique, la charge préparée sous forme électronique et enregistrée électroniquement suivant les dispositions de la Loi portant réforme de l'enregistrement immobilier (avec ses modifications ou remplacements), les annexes qui l'accompagnent et la présente liste de clauses types de la charge. Les termes **vous** et **votre/vos** désignent chacun des signataires de l'hypothèque à titre de constituant ou toute autre personne qui y est obligée; les termes **nous** et **notre/nos** désignent la Compagnie Montréal Trust du Canada à titre de titulaire ainsi que ses successeurs et ayants droit; le terme **bien-fonds** désigne le bien-fonds décrit dans la section **Description** de l'Acte d'hypothèque ou dans toute annexe qui y est jointe ainsi que tout autre bien décrit sous la rubrique **Description du bien-fonds hypothéqué**; le terme **obligations garanties** désigne toutes les dettes et obligations décrites sous la rubrique **Obligations garanties**. Le terme **convention** désigne les contrats, conventions, billets à ordre, lettres de change, avis et autres documents qui régissent les obligations garanties ou qui leur sont accessoires, de même que tout renouvellement, remplacement ou toute substitution de ceux-ci. La présente hypothèque est constituée conformément à la **Loi sur les hypothèques**. S'il s'agit d'un prêt hypothécaire assuré par la SCHL, lequel respecte les dispositions de la **Loi nationale sur l'habitation**.

2. Description du bien-fonds hypothéqué

Font l'objet de la présente hypothèque tous les immeubles actuels ou futurs se trouvant sur le bien-fonds de même que tous les biens attachés ou fixés au bien-fonds, y compris les agrandissements, rénovations et améliorations apportés aux immeubles.

3. Obligations garanties

Les dettes et obligations garanties par l'hypothèque sont l'ensemble des dettes et des obligations présentes ou futures, de résultat ou conditionnelles, échues ou non dont vous êtes ou pourriez être redevable dans l'avenir envers nous, et de toute somme que vous nous devez ou pourriez nous devoir, résultant soit de transactions entre vous et nous, soit de toute autre transaction ou de tout autre acte par lequel nous détenons ou pourrions détenir une créance contre vous, que la transaction ait été contractée ou que l'acte ait été établi par vous, seul ou conjointement et à titre de partie principale ou de caution.

Vous acceptez de payer, conformément aux conventions et à l'hypothèque, tous les montants, y compris, sans restriction, tous les frais et les autres montants que vous nous devez en vertu de l'hypothèque et de toute convention, de même que tous les intérêts courus des obligations garanties, y compris les intérêts composés. Ces montants sont garantis par la présente hypothèque et font partie des obligations garanties.

Vous vous engagez à ne pas conclure d'autres ententes ou à ne pas constituer d'autres hypothèques ou charges sur le bien-fonds sans avoir obtenu préalablement notre consentement écrit.

4. Effets de l'hypothèque

Par la signature de l'hypothèque, vous nous cédez intégralement vos droits dans les biens-fonds, ainsi qu'à toute personne à qui sera faite cession de l'hypothèque, afin de garantir le remboursement sur demande des obligations garanties jusqu'à concurrence du montant en capital désigné Capital dans l'hypothèque. La phrase qui précède ne s'applique pas au dernier jour d'un bail. L'hypothèque est consentie pour garantir un compte courant. Le remboursement intégral ou partiel des obligations garanties n'entrainera pas la mainlevée de l'hypothèque, laquelle continuera de produire ses effets à l'égard du remboursement des obligations garanties, nonobstant toute modification apportée à la somme, à la nature ou à la forme des obligations garanties, ou tout renouvellement ou toute prorogation, modification ou substitution des conventions.

Il y aura extinction des droits qui nous sont octroyés à l'égard du bien-fonds en vertu de l'hypothèque lorsque :

i) vous aurez remboursé les sommes relatives aux obligations garanties, ainsi que toutes les sommes auxquelles nous pourrions avoir droit en vertu de la présente hypothèque; et

ii) vous vous serez acquitté de toutes les obligations contractées aux termes des conventions et de la présente hypothèque; et

iii) une mainlevée ou un avis de mainlevée de l'hypothèque, dûment signée, vous aura été délivrée.

Vous pouvez demeurer en possession du bien-fonds à condition de ne pas déroger aux modalités des conventions et pourvu que vous vous conformiez à toutes les autres obligations contractées aux termes de l'hypothèque.

5. Aucune obligation d'avancer des fonds

Nous n'avons aucune obligation de vous avancer des fonds, même si l'hypothèque a été rédigée, signée et enregistrée, et que des sommes vous ont déjà été avancées. Toutefois, par la signature de l'hypothèque, vous nous cédez intégralement vos droits dans le bien-fonds. Vous nous rembourserez sur demande tous les frais engagés pour la vérification du titre de propriété du bien-fonds, pour la rédaction de l'hypothèque et pour l'enregistrement de l'hypothèque.

6. Droits de propriété

A compter de la passation de l'hypothèque et pour chacune des avances relatives aux obligations garanties, vous attestez à titre de propriétaire du bien-fonds :

i) que vous êtes le propriétaire légitime du bien-fonds;

ii) qu'il n'y a pas de charges grevant le bien-fonds autres que ceux qui apparaissent sur le titre de propriété enregistré; et

iii) qu'il n'existe aucune limitation ou restriction grevant votre titre de propriété à l'exception de règlements de construction ou de zonage et de restrictions enregistrées, auxquels vous vous êtes conformé.

Si vous êtes locataire du bien-fonds, à compter de la passation de l'hypothèque et pour chacune des avances relatives aux obligations garanties, vous attestez :

i) que vous et votre représentant personnel êtes locataires du bien-fonds aux termes d'un bail dont vous nous avez remis copie;

ii) que le bail a force obligatoire et que toute l'information que vous nous avez fournie à son égard est exacte;

iii) que tous les loyers et autres montants exigibles en vertu du bail ont été acquittés au jour de la signature de l'hypothèque;

iv) que vous avez l'autorisation ou le droit de céder, d'hypothéquer ou de grever le bail; et

v) que, sauf dispositions contraires dans le bail, il n'existe aucune limitation ou restriction ou charge grevant vos intérêts en vertu du bail à l'exception de règlements de construction ou de zonage et de restrictions enregistrées, auxquels vous vous êtes conformé.

Vous vous engagez à vous abstenir de poser tout geste pouvant porter atteinte aux droits qui nous ont été octroyés dans le bien-fonds et convenez de signer tout autre document que nous jugerons nécessaire pour la cession en notre faveur de vos intérêts à l'égard du bien-fonds.

7. Vos obligations

i) **Remboursement** - Vous convenez de rembourser sur demande les sommes relatives aux obligations garanties et de respecter toute autre obligation en vertu de l'hypothèque et des conventions.

ii) **Assurance** - Vous devez souscrire sans délai, en notre faveur une assurance et la maintenir en vigueur jusqu'à la mainlevée de l'hypothèque, pour tous les bâtiments et leurs améliorations faisant l'objet de la présente hypothèque (y compris ceux qui seront construits après la signature de l'hypothèque, tant pendant leur construction qu'après) (les "bâtiments") contre les risques de perte ou de dommages causés par l'incendie et les autres risques normalement couverts par les polices d'assurance incendie, de même que contre tout autre risque dont nous exigerons la couverture. L'assurance doit être souscrite auprès d'une compagnie d'assurance ayant reçu notre approbation pour un montant en dollars canadiens équivalent au prix de remplacement des bâtiments (le montant maximal pour lequel les bâtiments peuvent être assurés). La police doit être rédigée d'une manière que nous jugeons satisfaisante, couvrir les risques supplémentaires et comprendre la clause standard canadienne relative aux garanties hypothécaires établissant, à notre satisfaction, que tout produit d'assurance doit nous être versé. Vous devez nous remettre, à notre demande, toute police d'assurance et toute attestation d'assurance que vous détenez à l'égard des bâtiments, de même que tout produit d'assurance reçu en vertu de ladite police. La coassurance est interdite.

À défaut de votre part de :

- maintenir une assurance pour les bâtiments qui, selon nous, satisfait aux exigences sous la présente rubrique;
- nous remettre, à notre demande, toute police d'assurance ou toute attestation d'assurance; ou
- nous fournir, à notre demande, une preuve du renouvellement ou du remplacement de la police d'assurance, au moins 15 jours francs avant l'échéance ou la résiliation de la police,

nous pouvons, sans y être obligés, souscrire une assurance pour n'importe lequel des bâtiments. Le montant de la prime versée pour souscrire une assurance aux termes du présent paragraphe s'ajoutera à celui des obligations garanties et portera un intérêt au taux prévu aux conventions. Le montant de la prime versée doit nous être remboursé immédiatement. Au surplus, si la police d'assurance que vous avez souscrite ne nous satisfait pas raisonnablement, nous pouvons exiger que vous la remplaciez par une autre police que nous jugerons satisfaisante. En cas de perte ou de dommages, vous devez nous fournir immédiatement et à vos frais toute preuve de sinistre nécessaire, et vous vous engagez à faire tout le nécessaire afin que nous puissions recevoir le produit de l'assurance. La simple présentation d'une copie de l'hypothèque est suffisante pour qu'une compagnie d'assurance nous verse le produit de l'assurance lié à toute perte, ou encore pour qu'elle accepte de recevoir nos instructions à l'égard de la perte subie. Si le bien-fonds comprend une unité en copropriété (condominium) vous devez veiller à ce que l'association de copropriété respecte entièrement ses devoirs et obligations en vertu de la **Loi sur les condominiums**, de la déclaration de condominium et des règlements de l'association de copropriété.

Dans les limites de ce que la loi autorise et selon notre choix, le produit de l'assurance peut servir, en tout ou en partie, à la reconstruction ou à la réparation des bâtiments endommagés, vous être versé ou à toute autre personne qui possède ou a possédé le bien-fonds (tel qu'il apparaît sur le titre de propriété enregistré) ou être appliqué, à notre seule discrétion, à la réduction de toute portion des obligations garanties, qu'elle soit échue ou non.

iii) **Impôt** - Vous vous engagez à payer à l'échéance l'impôt foncier auquel est assujetti le bien-fonds. Vous devrez effectuer, en plus des versements mensuels sur prêt, des versements mensuels à titre d'impôt foncier. Le montant de chacun des versements mensuels sera équivalent au douzième environ de la valeur annuelle estimée de l'impôt foncier à venir à échéance et exigible, et pourra être modifié, le cas échéant, de manière à refléter les fluctuations de l'impôt foncier auquel est assujetti le bien-fonds. Les versements mensuels à titre d'impôt foncier doivent nous permettre de payer à l'échéance annuelle, ou avant, la totalité de l'impôt foncier; si l'impôt foncier est payable par versements, les versements mensuels doivent nous permettre de payer à l'échéance du dernier versement, ou avant, la totalité de l'impôt foncier.

Vous devez nous verser, sur demande, le montant de l'impôt foncier réel qui excède sa valeur annuelle estimée ou, à notre choix, nous pouvons augmenter le montant des versements à titre d'impôt foncier pour couvrir la différence.

Aussi longtemps que vous ne serez pas en défaut aux termes de l'hypothèque, nous appliquerons le montant des versements mensuels au paiement de l'impôt foncier pour le bien-fonds. Nous n'avons pas l'obligation d'effectuer le paiement de l'impôt foncier par versements ou plus d'une fois l'an. Si le montant que vous avez versé à titre d'impôt foncier est insuffisant, nous pouvons, à notre choix, payer l'impôt foncier, ce qui aura pour effet d'engendrer un solde débiteur à votre compte de provision pour impôt foncier. Nous pouvons également ajouter ce montant au solde impayé, lequel montant portera intérêt au taux applicable au montant du prêt. Vous devez rembourser immédiatement tout solde débiteur. Nous n'avons pas l'obligation de vous informer que le solde de votre compte est débiteur.

Des intérêts seront versés pour tout solde créditeur à votre compte de provision pour impôt foncier. Les intérêts versés ne seront pas moindres que ceux versés par la Banque Scotia sur un compte-chèques d'épargne ayant le même solde créditeur. Nous exigerons le paiement d'intérêts sur le solde débiteur à votre compte de provision pour impôt foncier au taux prévu aux conventions jusqu'au paiement complet du découvert. Tout découvert, y compris les intérêts courus, s'ajoutera aux obligations garanties.

Le défaut de payer à l'échéance tout montant relatif aux obligations garanties fait en sorte que nous pourrons appliquer le solde créditeur de votre compte de provision pour impôt foncier à son paiement.

Nous pouvons déduire de toute avance relative aux obligations garanties le montant nécessaire pour le paiement de l'impôt foncier échu et exigible.

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Vous devez nous transmettre sans délai tout avis d'évaluation, avis de cotisation et compte d'impôt foncier que vous recevrez, de même que tout compte d'impôt foncier acquitté, si nous l'exigeons.

iv) **Autres charges** - Vous vous engagez à payer à l'échéance l'impôt foncier et les dépenses communes de même que les créances garanties par les sûretés, les hypothèques, les privilèges et autres charges sur le bien-fonds. Si vous ne payez pas ces montants à l'échéance, nous pouvons les payer ainsi que toute créance et dépenses communes et toute créance garantie par les privilèges et charges sur le bien-fonds que nous jugeons prioritaires à la présente hypothèque. Si nous payons en votre nom l'impôt foncier, les dépenses communes de même que les créances garanties par les sûretés, les hypothèques, les privilèges et autres charges sur le bien-fonds, vous devrez nous rembourser ces montants; lesdits montants s'ajouteront aux obligations garanties et porteront un intérêt au taux prévu aux conventions jusqu'à leur remboursement intégral. Vous acceptez également de payer des frais de non-paiement de 25,00 $ chaque fois que vous n'effectuez pas un paiement à la date prévue. Vous devez aussi nous rembourser toutes les sommes que nous avons engagées pour le recouvrement des montants dont vous avez fait défaut de nous rembourser à l'échéance, y compris tous les frais et honoraires judiciaires sur base client-avocat. Ces sommes s'ajouteront aux obligations garanties et porteront un intérêt au taux prévu aux conventions.

v) **Maintien du bien-fonds en bon état** - Vous vous engagez à maintenir le bien-fonds en bon état et à effectuer les réparations nécessaires. Vous ne devez ni faire, ni permettre à quelqu'un d'autre de faire quoi que ce soit qui puisse réduire la valeur du bien-fonds. Nous pouvons inspecter le bien-fonds à tout moment que nous estimons raisonnable, les frais de ces inspections étant exigibles. Vous devez nous rembourser immédiatement ces frais d'inspection qui s'ajouteront aux obligations garanties et porteront un intérêt au taux prévu aux conventions.

Si vous ne maintenez pas le bien-fonds en bon état ou si vous permettez à quelqu'un d'autre de faire quoi que ce soit qui puisse réduire la valeur du bien-fonds, nous pouvons effectuer les réparations que nous jugeons nécessaires et exiger de vous le remboursement du coût des réparations. Vous devez nous rembourser immédiatement ces coûts qui s'ajouteront aux obligations garanties et porteront un intérêt au taux prévu aux conventions. Vous ne devez faire aucuns travaux importants de rénovation, de modification ou d'amélioration sans avoir obtenu au préalable notre consentement écrit.

Vous ou une personne qui utilise le bien-fonds avec votre permission ne pouvez l'utiliser à des fins illégales.

vi) Si vous êtres locataire du bien-fonds - Vous vous engagez :

- à payer à l'échéance le loyer ainsi que tous les montants exigibles en vertu du bail;
- à respecter toutes les autres clauses du bail et à omettre de faire quoi que ce soit qui puisse entraîner la résiliation du bail;
- à ne pas délaisser le bail;
- à n'apporter aucune modification au bail sans avoir obtenu au préalable notre consentement écrit;
- à nous remettre une copie conforme de tout avis ou de toute demande que vous recevrez concernant le bail; et
- à nous informer sans délai si le propriétaire du bien-fonds vous annonce la résiliation anticipée du bail ou s'il entreprend toute démarche à cet effet.

Nous avons le droit, sans y être obligés, de remédier à tout défaut de votre part de respecter les obligations du bail. Si nous remédions à un défaut, les dépenses que nous avons engagées à cette fin sont exigibles. Vous devez nous rembourser immédiatement ces dépenses qui s'ajouteront aux obligations garanties et porteront intérêts au taux prévu aux conventions.

8. Remboursement anticipé

Votre droit, le cas échéant, de rembourser par anticipation le capital est défini aux conventions.

9. Prêts hypothécaires à la construction

Le terme **amélioration** comprend tous les travaux de construction, d'installation, de rénovation, d'agrandissement, de réparation ou de démolition. Si une portion des montants relatifs aux obligations garanties doit servir au financement d'améliorations, vous devez nous en informer par écrit sans délai et avant l'avancement de ces fonds. Vous devez aussi nous remettre une copie des contrats et des contrats de sous-traitance relatifs aux améliorations, de même que toute modification à ces contrats. Vous convenez que toute amélioration doit être exécutée conformément aux contrats, plans et cahiers des charges que nous aurons préalablement approuvés par écrit. Vous devez achever les travaux de construction ou d'amélioration avec célérité et nous fournir, le cas échéant et lorsque nous l'exigeons, une preuve de paiement pour chacun des contrats. Si vous n'achevez pas les travaux, nous pouvons le faire à votre place; les dépenses nécessaires pour l'achèvement des travaux s'ajouteront aux obligations garanties et porteront intérêt au taux prévu aux conventions. Vous devez nous rembourser immédiatement ces dépenses. Nous pourrons vous avancer les fonds (avances partielles du capital emprunté) au fur et à mesure que les travaux d'amélioration progresseront, jusqu'à leur achèvement et à l'occupation des lieux ou à la vente du bien-fonds. Nous nous réservons le droit d'avancer ou non des fonds, de déterminer le montant des avances ainsi que le moment propice pour les effectuer. Peu importe la raison pour laquelle vous avez contracté le prêt hypothécaire, nous pouvons à notre entière et seule discrétion retenir les fonds jusqu'à ce que vous nous démontriez, à notre satisfaction, que vous avez respecté les dispositions relatives à la retenue de garantie de la Loi sur le privilège dans l'industrie de la construction, telle qu'elle a été modifiée ou remise en vigueur. Vous nous autorisez à donner de l'information concernant la présente hypothèque à toute personne invoquant un privilège de construction sur le bien-fonds.

10. Cession de bail

A titre de garantie additionnelle et séparée pour le paiement des obligations garanties, vous nous cédez tous les baux présents ou futurs ainsi que tous les loyers à percevoir sur le bien-fonds. En particulier, vous nous cédez à titre de garantie :

i) tous les baux ou ententes de location, ainsi que leurs renouvellements;

ii) tous les loyers et autres montants exigibles en vertu de tels baux et ententes. Cependant, nous pouvons vous autoriser à percevoir les loyers aussi longtemps que vous n'êtes pas en défaut d'effectuer vos paiements ou de respecter vos autres obligations aux termes de la présente hypothèque; et

iii) tous vos droits en vertu de tels baux ou ententes.

Au surplus, vous convenez que :

i) vous devez obtenir préalablement notre consentement écrit à l'égard de tout nouveau bail sur le bien-fonds ou de tout renouvellement de bail (sauf en ce qui concerne les renouvellements déjà prévus aux contrats de bail);

ii) rien sous la présente rubrique ne peut avoir pour effet de nous mettre en possession du bien-fonds;

iii) si vous êtes en défaut aux termes de la présente hypothèque, nous avons le droit de prendre possession du bien-fonds, de l'inspecter, de l'administrer ou de percevoir les loyers; et

iv) nous n'avons pas l'obligation de percevoir les loyers ou tout autre revenu provenant du bien-fonds, ni de respecter les conditions de tout bail ou entente.

11. Désignation d'un séquestre pour la perception des revenus

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Si vous omettez d'effectuer un versement régulier sur votre prêt ou tout autre paiement que vous vous êtes engagé à faire, ou de respecter vos obligations aux termes d'une convention ou de l'hypothèque, nous pouvons désigner par écrit un séquestre (notamment un administrateur-séquestre) pour la perception de tout revenu provenant du bien-fonds. Nous pouvons également substituer par écrit un nouveau séquestre à tout séquestre que nous avions désigné. Le séquestre est réputé être votre mandataire et non le nôtre, et ses omissions sont réputées être uniquement les vôtres.

Le séquestre a le droit :

i) de prendre tout recours (à votre nom ou au nôtre) pour percevoir le revenu provenant du bien-fonds;

ii) de prendre possession du bien-fonds ou d'une partie de celui-ci;

iii) d'administrer le bien-fonds, de le maintenir en bon état et d'y terminer, le cas échéant, toute construction ou amélioration; et

(iv) de céder à bail le bien-fonds selon les conditions qu'il juge appropriées.

Sur le revenu que le séquestre perçoit, ce dernier peut :

i) prélever une commission de 5 % du montant total perçu, ou une commission selon tout autre taux plus élevé consenti par un juge ou un fonctionnaire autorisé;

ii) prélever le montant nécessaire au remboursement des sommes engagées pour la perception du revenu;

iii) payer toutes les taxes, les primes d'assurance incendie et les dépenses engagées pour maintenir le bien-fonds en bon état ou terminer toute construction ou amélioration, l'intérêt couru sur ces taxes, primes d'assurance et dépenses, et rembourser toutes les créances garanties par des charges ayant priorité sur la présente hypothèque ainsi que l'intérêt couru sur de telles créances;

iv) nous payer tout l'intérêt échu et exigible relativement aux obligations garanties et, à notre choix, nous rembourser la totalité ou une partie des obligations garanties, qu'elles soient échues ou non.

Aucun acte du séquestre n'a pour effet de nous mettre en possession du bien-fonds ou d'engager notre responsabilité à l'égard des sommes d'argent autres que celles que nous avons de fait reçues.

12. Clause environnementale

Nous (y compris, aux fins de la présente rubrique, la Société canadienne d'hypothèques et de logement, s'il s'agit d'un prêt hypothécaire assuré par la SCHL) pouvons inspecter le bien-fonds et ses bâtiments lorsque nous le jugeons à propos. Nous pouvons effectuer de telles inspections quelles qu'en soient les raisons, mais principalement pour entreprendre toute analyse environnementale et toute évaluation environnementale du site, investigation et étude que nous jugerons nécessaires. Les frais afférents à ces inspections, analyses, évaluations ou études sont exigibles et vous devez nous les rembourser dès réception d'un avis à leur sujet. Si vous faites défaut de nous rembourser lorsque nous l'exigeons, ces frais s'ajouteront aux obligations garanties aux termes de la présente hypothèque et porteront intérêt au taux prévu aux conventions. Rien sous la présente rubrique ne peut avoir pour effet de nous mettre en possession du bien-fonds ou de le placer sous notre contrôle.

13. Titrisation

Nous pouvons, selon notre choix, vendre à une ou plus d'une tierce partie ou déposer auprès d'elle(s) la totalité ou une partie des obligations garanties ou de celles liées à toute convention ou à la présente hypothèque sans avoir à vous en informer ou à obtenir votre consentement. Advenant la vente ou le dépôt des obligations garanties, vous convenez que la présente hypothèque garantira toutes les obligations garanties, y compris tous montants exigibles aux termes des obligations garanties ou des conventions qui ont été vendues, cédées ou déposées, de même que les obligations garanties émanant de toute convention à la suite d'une vente, d'une cession ou d'un dépôt. Nous pouvons racheter les obligations garanties relatives à la présente hypothèque de même que celles relatives à toute convention qui ont été vendues, cédées ou déposées, que vous soyez ou non en défaut de les respecter.

14. Paiement anticipé

Vous devez nous payer immédiatement, à notre choix, la totalité des obligations garanties si vous faites défaut de payer toute partie des obligations garanties à l'échéance ou si vous faites défaut de respecter vos obligations aux termes de la présente hypothèque ou des conventions.

15. Atermoiement

Nous pouvons différer l'exercice de nos droits en vertu de la présente hypothèque ou des obligations garanties sans y renoncer, et également libérer des tiers de leurs obligations contractées en vertu de la présente hypothèque ou des obligations garanties, sans que vous ne soyez pour autant libéré des vôtres.

16. Voies de recours de la Banque

Si vous omettez de rembourser les obligations garanties après que nous en demandons le paiement ou si vous ne corrigez pas une omission aux termes de la présente hypothèque ou d'une convention, nous pouvons prendre immédiatement possession du bien-fonds. Dès que vous êtes en demeure conformément à la loi, nous pouvons vendre le bien-fonds, le céder à bail ou prendre tout autre recours qu'offrent les lois de l'Ontario. Vous devez nous rembourser immédiatement toutes les dépenses que nous avons engagées pour faire valoir ou protéger notre garantie ou tout autre droit aux termes de l'hypothèque ou d'une convention. Nos dépenses comprennent les sommes que nous avons engagées pour prendre ou conserver la possession du bien-fonds, une allocation pour le temps et les services fournis par nos employés pour ce faire, les honoraires versés à un avocat, et tous les autres frais reliés à la protection ou à l'exercice de nos droits aux termes de la présente hypothèque. Ces dépenses font partie des obligations garanties et portent un intérêt au taux indiqué à l'hypothèque. Dès que nous acquérons le droit de vendre ou de céder à bail le bien-fonds, nous pouvons procéder à la vente publique ou de gré à gré, ou à la location du bien-fonds, de quelque manière que ce soit et selon les conditions que nous jugeons raisonnables, au comptant ou partie au comptant et partie à crédit. Si le montant qui nous est versé en contrepartie de la vente ou de la location du bien-fonds est insuffisant pour couvrir ce que vous nous devez en ce qui a trait aux obligations garanties, vous devez nous payer la différence.

Vous vous engagez à ne faire aucune réclamation concernant le bien-fonds contre une personne qui achète ou loue de nous le bien-fonds, ou contre un acheteur ou un acquéreur subséquent. Vous vous engagez à ne faire vos réclamations concernant le bien-fonds que contre nous, lesquelles réclamations doivent se limiter à des dommages-intérêts.

Si nous obtenons un jugement contre vous en raison de l'inexécution de vos obligations à notre égard aux termes d'une convention ou de l'hypothèque, cela n'aura pas pour effet de réunir les ordonnances de ce jugement avec les autres recours et droits que nous détenons pour l'exécution de vos obligations aux termes de l'hypothèque. Nous conservons le droit de recevoir l'intérêt sur le montant des obligations garanties de la manière établie à la(aux) convention(s). L'intérêt payable aux termes d'un jugement doit être calculé et payé de la même manière que l'intérêt pratiqué aux termes de la(des) convention(s) et au même taux pratiqué, jusqu'au remboursement intégral du montant qu'ordonne le jugement.

17. Vente du bien-fonds

En cas de vente ou de cession du bien-fonds hypothéqué ou de constitution d'une charge sur le bien-fonds hypothéqué, nous exigerons le règlement immédiat de toutes les sommes qui nous sont dues au titre du prêt. La présente clause ne s'applique pas à une vente, à une cession ou à une constitution de charge à laquelle nous avons préalablement consenti par écrit.

18. Renouvellement ou modification de l'hypothèque ou d'une entente

Périodiquement, nous pouvons conclure avec vous une ou des conventions visant à modifier l'hypothèque ou une entente afin de la renouveler pour des périodes de temps additionnelles, modifier le taux d'intérêt, augmenter le solde ou autrement changer la teneur des stipulations de l'hypothèque ou d'une entente. Pour ce faire, vous devrez satisfaire à tous nos critères en matière de crédit et à toutes nos autres exigences et acquitter la prime d'une assurance additionnelle contre le manquement aux obligations hypothécaires ainsi que les frais de souscription qui s'y rattachent. Vous devrez également acquitter les coûts engendrés par la recherche de titres au bureau d'enregistrement des titres. L'enregistrement des conventions de modification n'est pas nécessaire pour maintenir la priorité de la présente hypothèque pour le montant total des obligations garanties. Dans les présentes Clauses types de la charge, le terme hypothèque désigne la présente hypothèque telle qu'elle est modifiée par l'une ou l'autre des conventions de modification.

Si une charge est enregistrée à l'égard du bien-fonds en plus de la présente hypothèque, celle-ci doit nécessairement faire l'objet d'une décharge ou doit être formellement subordonnée. Avant que nous puissions renouveler ou modifier l'hypothèque ou une entente, vous êtes tenu d'acquitter tous les coûts engendrés par la préparation, la signature et l'enregistrement d'une telle décharge ou subordination.

19. Avis

Tout avis écrit en vertu de la présente hypothèque ou d'une entente peut vous être remis et doit être considéré comme reçu par toutes les parties du simple fait que nous l'avons envoyé à l'adresse du bien-fonds ou, le cas échéant, à une autre adresse postale que vous avez tous désignée comme adresse commune pour la réception des avis.

L'avis écrit qui nous est destiné est considéré comme reçu dès sa réception à l'adresse qui figure dans le document hypothécaire ou à toute autre adresse dont nous pouvons vous faire part par écrit

S'il y a plus d'un débiteur hypothécaire, l'avis écrit reçu par l'un ou l'autre d'entre vous est considéré comme reçu par vous tous. L'un ou l'autre des débiteurs hypothécaires peut nous donner des instructions qui obligent toutes les autres parties.

20. Portée sur les autres conventions, obligations et garanties

La présente hypothèque ne modifie pas vos autres obligations aux termes des conventions que vous avez conclues avec nous et n'entraîne pas leur décharge. Elle n'aura aucune incidence sur les autres garanties affectées au remboursement des obligations garanties, ni sur les autres droits que nous pouvons faire valoir pour le paiement des obligations garanties.

21. Condominiums

Sous la présente rubrique, la Loi sur les condominiums, telle qu'elle a été modifiée ou remise en vigueur, est appelée la «Loi». Les termes utilisés ci-dessous qui correspondent à ceux énoncés dans la Loi ont le même sens que ces derniers, sauf le terme **propriété en condominium** qui a le sens donné au terme «propriété» dans la Loi.

Vous devez vous conformer à la Loi et à la déclaration de condominium, aux règlements et aux règles de l'association de copropriété (l'**association**) concernant le bien-fonds et, de temps à autre, vous nous fournirez sur demande une preuve de conformité.

Vous devez payer à l'association, aux dates d'échéance, les dépenses communes afférentes à votre bien-fonds. En plus de nos autres droits et recours aux termes de la présente hypothèque, vous devez nous rembourser immédiatement toutes nos dépenses liées à tout règlement et toute résolution, règle ou autre intervention (autre que celle exigeant exclusivement un vote de la majorité présente à l'assemblée), ou à l'exercice de nos droits quant au respect de la Loi, de la déclaration de condominium, des règlements et des règles par l'association ou par un autre propriétaire, et à l'exercice de tout droit de vote que nous pourrions détenir.

Ces dépenses s'ajouteront aux obligations garanties et porteront un intérêt au taux prévu aux conventions.

Vous nous autorisez irrévocablement à exercer vos droits à l'égard de toute question concernant la Loi ou la propriété en condominium. Vous nous autorisez également à exercer vos droits d'exiger que l'association achète votre unité et votre intérêt commun lorsque la Loi le prévoit; de choisir que la valeur de votre unité et de votre intérêt commun ou de celle de la propriété en condominium soit déterminée par voie d'arbitrage et de recevoir votre part de l'actif de l'association et du produit de la vente de votre unité et de votre intérêt commun, ou de la propriété en condominium ou de toute partie commune.

Si nous n'exerçons pas vos droits, vous pouvez les exercer conformément aux instructions que nous vous donnerons. Avant d'effectuer une réclamation ou un choix quelconque, vous devez obtenir au préalable notre consentement écrit. Vous devez procéder ainsi même s'il n'existe aucun droit de faire une réclamation ou un choix entre nous et l'association, et même si nous avons pris des dispositions préalables pour que vous exerciez ce droit.

Rien de ce qui aura été entrepris aux termes des paragraphes qui précèdent ne peut nous mettre en possession du bien-fonds. Nous ne pouvons être tenus responsables des actes que nous commettons dans l'exercice de ce que vous nous avez autorisé à faire ou par omission.

Vous nous autorisez à examiner les registres de l'association et à remédier à toute omission de votre part de vous conformer à la Loi ou à la déclaration de condominium, aux règlements et aux règles de l'association. Vous devez nous faire parvenir, si nous l'exigeons, toute évaluation, règle et tout avis, règlement ou état financier de l'association que vous recevrez (ou dont vous avez le droit de recevoir copie) de l'association.

Les obligations garanties deviennent exigibles immédiatement, à notre discrétion, si i) l'association omet de se conformer à la Loi et à la déclaration de condominium, aux règlements et aux règles de l'association; ii) l'association omet d'assurer toutes les parties communes et privatives du condominium conformément à la loi et à nos exigences additionnelles ou de faire tout ce qui est nécessaire afin de recouvrer le produit de l'assurance; iii) l'association effectue des modifications importantes aux parties communes ou à son actif sans notre consentement; iv) il y a eu des dommages considérables et les propriétaires ont voté en faveur de la résiliation du condominium; v) la vente de la propriété condominiale ou d'une portion des parties communes est autorisée; ou vi) le bien-fonds cesse d'être soumis à la Loi.

Si le bien-fonds cesse d'être soumis à la Loi, toutes les dispositions de la présente hypothèque continueront à s'appliquer au bien-fonds. Vous nous autorisez à consentir avec toute personne à la division de la propriété en condominium. Nous pouvons verser ou recevoir des sommes d'argent afin que la division soit égale et vous devrez nous rembourser immédiatement ces sommes. Nous pouvons également passer tout document et entreprendre tout acte nécessaire à la division de la propriété en condominium. Votre part de l'actif de l'association et le produit de la vente de votre unité et de votre intérêt commun ou de la propriété en condominium ou de toute partie commune doivent nous être versés (à moins que nous vous indiquions le contraire par écrit) et vous devez entreprendre tout ce qui est nécessaire à cette fin et toute somme que nous recevrons (déduction faite de nos dépenses) pourra être appliquée à la réduction de toute portion des obligations garanties. Vous devez rembourser tout solde débiteur résiduel dès que toutes les créances auront été payées.

22. Mainlevée

Nous pouvons établir des conditions pour la mainlevée totale ou partielle de l'hypothèque qui grève le bien-fonds que nous ayons reçu ou non valeur pour la mainlevée. Si nous libérons en tout temps une partie du bien-fonds de la présente hypothèque, le reste du bien-fonds continuera de garantir les obligations garanties.

Si le bien-fonds est subdivisé avant que nos droits sur celui-ci prennent fin, la présente hypothèque grèvera chacun des lotissements. En d'autres termes, chaque lotissement garantira le remboursement du plein montant des obligations garanties que vous nous devez, même si nous libérons une autre partie du bien-fonds de la présente hypothèque.

Nous pouvons vous libérer, de même que le garant ou toute autre personne, de l'exécution de toute obligation contenue dans la présente hypothèque ou un autre document constitutif d'une sûreté, sans qu'il y ait mainlevée de l'hypothèque qui grève toute partie du bien-fonds ou de toute autre sûreté. Une telle mainlevée ne libère pas les autres personnes de leurs obligations aux termes de la présente hypothèque ou des conventions.

23. Décharge

Lorsque nos droits sur le bien-fonds prennent fin, et si vous nous demandez qu'ils fassent l'objet d'une décharge, nous préparons, signons, et enregistrons une décharge complète de notre créance et nous vous remettons une confirmation de décharge ou, à notre choix, nous préparons et vous remettons une décharge de la charge/ de l'hypothèque dûment signée mais non enregistrée. Vous devez nous accorder un délai suffisant pour la préparation, l'examen, la signature et l'enregistrement de la décharge et acquitter les frais courants que nous exigeons pour la préparation, l'examen et la signature d'une décharge, et si nous choisissons d'enregistrer la décharge de notre créance, les frais courants que nous exigeons pour l'enregistrement d'un tel document ainsi que tous les frais juridiques et autres que nous avons engagés pour la décharge de notre créance. Si nous vous fournissons une décharge de la charge/l'hypothèque, les formalités et les frais d'enregistrement des documents vous incombent.

Lorsque nos droits sur le bien-fonds prennent fin, et si vous nous demandez de céder l'hypothèque, nous préparons et signons une cession d'hypothèque. Vous devez nous accorder un délai suffisant pour la préparation, l'examen et la signature de la cession et nous payer les frais courants que nous exigeons pour la préparation, l'examen et la signature du document ainsi que tous nos frais juridiques et autres que nous avons engagés à cette fin. Les formalités et les frais d'enregistrement de la cession vous incombent.

24. Parties liées

Vous consentez à respecter toutes les conditions et obligations contenues dans la présente hypothèque et à être lié(e) par celles-ci. La présente hypothèque lie également vos héritiers, vos représentants successoraux ainsi que tout cessionnaire du bien-fonds, en notre faveur et celle de nos successeurs et de nos ayants droit. Tout signataire de la présente hypothèque ou toute personne qui est liée par ladite hypothèque à titre de constituant est conjointement et individuellement responsable du respect des obligations qui y sont prévues.

25. Garantie

Sous la présente rubrique, le terme **garant** désigne chacun des signataires de la présente hypothèque à titre de garant des obligations garanties. Le terme **constituant** désigne chacun des signataires de la présente hypothèque ou toute personne qui est liée par ladite hypothèque à titre de constituant.

En contrepartie du prêt que nous avons consenti au constituant, le garant en signant la présente hypothèque s'engage à garantir, sans conditions et en notre faveur, les paiements du constituant pour le remboursement des obligations garanties à l'échéance (y compris l'intérêt, qu'il y ait ou non changement du taux, ainsi que d'autres frais et dépenses). Le garant s'engage également à garantir le respect des autres obligations du constituant aux termes de la présente hypothèque et des conventions. Chaque garant accepte, si le constituant fait défaut d'effectuer un paiement ou de respecter toute autre obligation aux termes de la présente hypothèque ou des conventions, qu'il devra nous payer sur demande toutes les obligations garanties et respecter toutes les obligations de ladite hypothèque et desdites conventions que le constituant a omis de respecter. Chaque garant sera conjointement et individuellement responsable avec le constituant (c'est-à-dire les uns les autres, s'il y en a plusieurs) de toutes les obligations aux termes de la présente hypothèque et des conventions, y compris du paiement des obligations garanties.

Il est entendu que nous pouvons, sans décharger le garant de sa responsabilité, ou la réduire, et sans obtenir son consentement ou l'en informer :

- faire de nouvelles avances de fonds relatives aux obligations garanties;
- accorder toute prolongation de délai de paiement et tout report d'échéance des obligations garanties, y compris toute modification et tout remplacement et renouvellement des conventions concernant les obligations garanties ainsi que toute addition auxdites obligations;
- augmenter le taux d'intérêt prévu aux conventions, soit avant l'échéance initiale, soit avant l'échéance de tout renouvellement;
- accorder la mainlevée totale ou partielle de l'hypothèque qui grève le bien-fonds ou de toutes autres sûretés;
- faire affaire avec le constituant ou toute autre personne (y compris le garant) ou passer toute sûreté (y compris la présente hypothèque) sur le bien-fonds, y compris la mainlevée, la réalisation ou le remplacement de toute sûreté que nous pourrions détenir;
- renoncer en tout temps à toute disposition de la présente hypothèque ou des conventions ou modifier toute condition de ladite hypothèque et desdites conventions;

avant ou après avoir exigé le paiement de toute autre personne. Nous pouvons exiger le paiement de tout garant sans l'avoir au préalable exigé du constituant ou de toute autre personne (y compris tout garant), ainsi que de toute sûreté (y compris la présente hypothèque). Les obligations du garant aux termes de la présente garantie sont celles d'un débiteur principal et non celles d'une caution. La quittance accordée à tout constituant ou à toute autre personne (y compris tout garant) à l'égard de leurs obligations aux termes des obligations garanties ou toute transaction à l'égard desdites obligations garanties ou leur annulation, dans le cadre d'une procédure de faillite ou autrement, n'ont aucun effet sur les obligations du garant. Les obligations de chaque garant lient ses successeurs ou ses représentants successoraux.

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26. Rubriques

Les rubriques qui accompagnent le texte de la présente hypothèque ont été insérées pour en faciliter la lecture; elles n'en font pas partie intégrante. Vous convenez que toutes les dispositions des présentes clauses standard de la charge font partie intégrante de l'acte d'hypothèque.

27. Exclusion de certaines dispositions législatives

Les engagements prévus à l'article 7(1) et les dispositions relatives à l'extinction de l'article 6(2) de la Loi portant sur la réforme de l'enregistrement immobilier ne s'appliquent pas à la présente hypothèque.

Dated this 9th day of May, 2006

Andrew Siu
Vice President
Montreal Trust Company of Canada
I have the authority to bind the corporation.

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Filing Date May 25 2006 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS NO. 2006_____

Filed by: CitiFinancial Canada, Inc.

The following set of Standard Charge Terms will be deemed to be included in every Charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

ARTICLE 1: DEFINITIONS

1.01 DEFINITIONS

In the Charge:

"Act" means the *Land Registration Reform Act*, R.S.O. 1990, c. L. 4;

"Additional Advance" is defined in Section 3.02A(f);

"Applicable Laws" means all applicable federal, provincial or municipal laws, statutes, regulations, by-laws, guidelines, policies, restrictions, directives, rules, orders or requirements of any governmental authority having jurisdiction;

"Balance Due Date" means the date set out as the "Balance Due Date" in Box (9)(i) in the Charge Form (or under "Provisions" if the Charge is electronically registered);

"Business Day" means any day of the week except Saturday, Sunday or any statutory or civic holiday observed in the Province of Ontario;

"Charge" means the Charge/Mortgage of Land including all schedules, disclosure statements these standard charge terms and any confirming or amending agreements executed in writing by the parties to the Charge, whether registered or not;

"Charge Form" means the charge/mortgage of land form that is from the Chargor to the Chargee and refers to these Standard Charge Terms and the Property.

"Chargee" means CitiFinancial Canada, Inc., or any other person in whose favour the Charge is given and who is named as "Chargee" in Box (14) of the Charge Form (or referred to in the charge/mortgage form as "Chargee" if the Charge is electronically registered);

"Chargor" means the person(s) named as "Chargor" in Box (11) of the Charge Form (or referred to as "Chargor" if the Charge is electronically registered);

"Collateral Loan" means any loan pursuant to a Credit Agreement including a Construction Loan or any such loan guaranteed by the Chargor and, in either case, collaterally secured by the Charge;

"Construction Loan" means a loan to be used to finance the construction of an Improvement;

"Conventional Loan" means any loan secured by the Charge which is not a Collateral Loan;

"Costs" means all fees, costs, charges and expenses of the Chargee in placing, monitoring, preserving, protecting or enforcing the security or the Charge, including for (1) preparing and registering the Charge and any other related documents; (2) collecting payments in default under the Charge (3) enforcing and realizing on the security granted in the Charge; (4) inspecting the Property; (5) repairing the Property; (6) securing, completing and equipping any Improvements on the Property; (7) obtaining any examination of the title or valuation of the Property or obtaining any environmental audits or reports of the Property; (8) complying with any Applicable Laws; (9) insuring the Property and reviewing or having reviewed any insurance policies on the Property; and (10) performing any of the Chargor's obligations under the Charge. Costs will also include legal costs incurred by the Chargee as between a solicitor and his own client for all services and advice in respect of the Charge, the Chargor and the Property, a proper allowance for the time, services and travelling expenses of any officer or employee of the Chargee, or of any person appointed by the Chargee, and any other costs or expenses of the Chargee arising from or relating to the Charge and any other costs specifically identified elsewhere in the Charge;

"Credit Agreement" means the agreement, if any, between the Chargor and/or the Guarantor and the Chargee setting out an arrangement by which the Chargee advances credit to the Chargor or the Guarantor including an agreement regarding the construction of Improvements (and including all promissory notes and other instruments of indebtedness related thereto) as amended, extended or supplemented from time to time;

"Default" means any of the events set out in Section 5.01;

"First Payment Date" means the date set out as the "First Payment Date" in Box (9)(f) in the Charge Form (or under "Provisions" if the Charge is electronically registered);

"Guarantee" means a guarantee in favour of the Chargee by the Chargor of the payment of the Indebtedness and the performance of the obligations of another person pursuant to a Credit Agreement.

"Guarantor" means any person who has signed the Charge as Guarantor;

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"Improvements" means all buildings, structures, improvements or fixtures at any time located or to be constructed on the Property;

"Indebtedness" means:

(a) if the Charge secures a Conventional Loan, all moneys at any time owing by the Chargor to the Chargee pursuant to the Charge including the Principal, any Additional Advance(s), all interest, compound interest, Taxes, Costs and any other amounts that the Chargor is required to pay pursuant to the Charge or that the Chargee is permitted to pay pursuant to the Charge and recover from the Chargor;

(b) if the Charge secures a Collateral Loan or a Guarantee, all monies and liabilities matured or not, whether present or future, direct or indirect, absolute or contingent, at any time owing or incurred by the Chargor to the Chargee pursuant to the Credit Agreement or the Guarantee and all interest, compound interest, Taxes, Costs and any other amounts that the Chargor is required to pay pursuant to the Charge or that the Chargee is permitted to pay pursuant to the Charge and recover from the Chargor;

"Interest Adjustment Date" means the date set out as the "Interest Adjustment Date" in Box (9)(d) in the Charge Form (or under "Provisions" if the Charge is electronically registered);

"Interest Rate" means:

(a) if the Charge secures a Conventional Loan, the rate per annum set out as the "Interest Rate" in Box (9)(b) in the Charge Form (or under "Provisions" if the Charge is electronically registered), or in any schedule to the Charge, calculated and payable as set out in the Charge; or,

(b) if the Charge secures a Collateral Loan, the rate per annum set out as the "Interest Rate" in Box (9)(b) in the Charge Form (or under "Provisions" if the Charge is electronically registered) or in any schedule to the Charge, or the rate per annum stipulated in the Credit Agreement, whichever is less;

"Last Payment Date" means the date set out as the "Last Payment Date" in Box (9)(g) in the Charge Form (or under "Provisions" if the Charge is electronically registered);

"**Monthly Payment Amount**" means the amount set out as the "Amount of Each Payment" set out in Box (9)(h) in the Charge Form (or the amount set out as "Payments" if the Charge is electronically registered).

"**Principal Amount**" means the amount set out as the "Principal" in Box (4) in the Charge Form (or under "Provisions" if the Charge is electronically registered)

"Principal" means all moneys advanced or re-advanced from time to time by the Chargee to the Chargor (or as the Chargor may direct) pursuant to the Charge or the Credit Agreement (if any) outstanding from time to time;

"Property" means all or any part of the lands described in the Charge together with the Improvements; and

"Taxes" means all realty taxes, rates and assessments, municipal, local, parliamentary or otherwise respecting the Property.

If the Property is a condominium unit, the following definitions apply:

"Condominium Act" means the *Condominium Act*, R.S.O. 1990, c. C. 26;

"Condominium Corporation" means the condominium corporation which was created by the registration of the Declaration and the description relating thereto of which the Property constitutes a part;

"Common Expenses" means the expenses of the performance of the objects and duties of the Condominium Corporation and any expenses specified as common expenses in the Declaration or the *Condominium Act*; and

"Declaration" means the declaration which, together with the description, was registered pursuant to the *Condominium Act* to create the Condominium Corporation.

If the Property is leasehold land, the following definition applies:

"Lease" means any lease granting the Chargor a leasehold interest in the Property.

ARTICLE 2: CHARGE OF PROPERTY

2.01 CHARGE ON THE PROPERTY

The Chargor charges the Property in favour of the Chargee as security for payment to the Chargee of the Indebtedness, and the performance of all other obligations of the Chargor in the Charge.

2.02 LEASEHOLD CHARGE ON THE PROPERTY

If the Property is leasehold, the Chargor hereby charges and subleases the Property to and in favour of the Chargee for and during the unexpired residue of the term of the Lease, except the last day of the term thereof, and all other estate, term, right of renewal and any other interest of the Chargor in the Property and the Lease, as security for payment to the Chargee of the Indebtedness, and the performance of all other obligations of the Chargor in the Charge.

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ARTICLE 3: PAYMENT PROVISIONS

3.01 DEFEASANCE

The Charge ceases to operate when the Chargee has been paid the Indebtedness, the Chargor has performed the obligations secured by the Charge and the Credit Agreement (if any) is at an end and the Chargee is under no obligation to make any Additional Advances or make any other advances or loans under the Credit Agreement (if any) or otherwise that are to be secured by the Charge.

3.02A PAYMENT PROVISIONS FOR CONVENTIONAL LOANS

The Chargor will pay the Indebtedness to the Chargee with interest at the Interest Rate (both before and after maturity, Default and judgment) as follows:

(a) interest on the Principal at the Interest Rate from the date of each advance until the Interest Adjustment Date will be due and paid in advance on the date of each advance;

(b) from and after the Interest Adjustment Date, the Principal and interest on the Principal at the Interest Rate computed from the Interest Adjustment Date will become due and be paid in instalments each in the Monthly Payment Amount plus any optional monthly insurance premium due, on the same day of each and every month as the Interest Adjustment Date (and First Payment Date) in each and every year, the first of such payments to be paid on the First Payment Date and the last of such payments to be on the Last Payment Date.

(c) Each Monthly Payment Amount, until a Default, shall be applied first in payment of interest at the Interest Rate on the Principal due, second in payment of contractual Principal due, third in payment of contractual optional monthly insurance premium unpaid, fourth in payment of any accrued interest unpaid, and the balance to be applied in reduction of the Principal) and the balance of the Principal with interest at the Interest Rate will become due and payable on the Balance Due Date;

(d) that part of the Indebtedness that is not Principal or interest on Principal will be payable on demand with interest thereon at the Interest Rate;

(e) the balance of the Indebtedness then remaining together with any interest thereon at the Interest Rate will be paid on the Balance Due Date; and,

(f) Upon repayment to the Chargee of part or all of the Principal before the Maturity Date (as a result of paying the Monthly Payment Amounts, a prepayment of Principal if permitted under the Charge or on a renewal or extension of the Charge if agreed to by the Chargee), the Chargor may from time to time request a re-advance of such repaid Principal and if the Chargee (in its sole discretion) agrees in writing to the request, the Chargor may borrow from the Chargee an additional amount of principal as a re-advance of such repaid Principal (each, an "**Additional Advance**"), in which case:

  (i) such Additional Advance shall be added to, and form part of, the Principal outstanding and bear interest at the Interest Rate;

  (ii) the Monthly Payment Amount will be increased to reflect the Additional Advance while maintaining the same amortization period as was in effect immediately before the Additional Advance and without changing the Interest Rate or the Maturity Date; and,

  (iii) the Charge shall be security for all Principal (not exceeding the Principal Amount set out in Charge), interest and other amounts from time to time owing by the Chargor to the Chargee whether the Principal is from time to time reduced (including to zero) and thereafter increased; and,

(g) After a Default, all moneys received by the Chargee may be applied by the Chargee on such part or parts of the Indebtedness then owing pursuant to the Charge as the Chargee in its sole discretion may determine.

3.02B PAYMENT PROVISIONS FOR COLLATERAL LOANS

(a) The Chargor will pay the Indebtedness to the Chargee with interest at the Interest Rate (both before and after maturity, Default and judgment) on demand. After a Default, all moneys received by the Chargee may be applied on such part or parts of the Indebtedness then owing pursuant to this Charge as the Chargee in its sole discretion may determine.

(b) If the Charge secures a current or running account the Charge will stand as a continuing security in favour of the Chargee for the payment of the Indebtedness notwithstanding any payments on account of the Indebtedness, subsequent increases in the Indebtedness or any fluctuations or changes in the amount, nature or form of the Indebtedness or in the bills, notes or other obligations now or hereafter representing the Indebtedness or the parties to the said bills, notes or obligations.

3.02 COMPOUND INTEREST

If the Chargor defaults in any monthly or other payment due pursuant to the Charge compound interest will be payable on the sum in arrears from time to time, both before and after maturity, Default and Judgment and the arrears of interest will bear interest at the Interest Rate. If the arrears and tile compound interest are not paid within one (1) month from the time of default a rest will be made and compound interest at the Interest Rate will be payable on the aggregate amount then due, both before and after maturity, Default and judgment, and so on from time to time.

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3.03 PAYMENT ONLY WHEN RECEIVED

All payments of the Indebtedness will be payable at par in Canadian dollars. Payment will not be deemed to have been made until the Chargee has actually received such money. The Chargor assumes all risk if payments are lost or delayed.

3.04 RECEIPT OF PAYMENT

Any payment received after 12:00 noon on any day will be deemed, for the purpose of calculation of interest, to have been made and received on the next Business Day and the Chargee will be entitled to interest at the Interest Rate on the amount of such payment to the next Business Day.

3.05 PRE-AUTHORIZED CHEQUING

The Chargor, on written request from the Chargee, will authorize payments pursuant to the Charge by pre-authorized chequing drawn by paper or electronic entry on an account maintained by the Chargor and will execute such written authorizations to the Chargor's banking or financial institution and provide such sample cheques as the Chargee may require.

3.06 DISHONOURED CHEQUES OR PAYMENTS

If any of the Chargor's cheques are not honoured when presented for payment or if a payment pre-authorized pursuant to Section 3.06 is not honoured, the Chargor will pay the Chargee a reasonable servicing fee for each such returned cheque or dishonoured payment to cover the Chargee's administration costs as permitted by applicable law. If any dishonoured cheque or payment is not immediately replaced by the Chargor, the Chargee may charge the Chargor a further reasonable servicing fee for each written request that is required because the Chargor has not replaced such dishonoured cheque or payment.

3.07 PREPAYMENT

Except as specifically set out in the Charge, the Chargor may not prepay all or any part of the Indebtedness.

3.08 PRINCIPAL AMOUNT

If the Principal exceeds the Principal Amount, the Chargee may conclusively determine what part of the Principal (not exceeding the Principal Amount) shall be secured by the Charge and what part shall not be so secured.

ARTICLE 4: COVENANTS

4.01 STATUTORY COVENANTS

The covenants deemed to be included in a charge pursuant to subsection 7(1) of the Act are expressly incorporated in the Charge and any other covenants contained in the Charge are intended to supplement and not to derogate from the covenants set out in subsection 7(1) of the Act.

4.02 CHARGOR'S COVENANTS

In addition to the covenants deemed to be included in the Charge pursuant to subsection 7(1) of the Act, the Chargor covenants with the Chargee that:

(a) the Chargor will pay the Indebtedness and perform all of the Chargor's obligations contained in the Charge;

(b) covenant I.vii, deemed to be included in the Charge by subsection 7(1) of the Act, is expressly varied by providing that the Chargor will, before and after Default, execute such further assurances of the Property and do such other acts, at the Chargor's expense, as may be reasonably required;

(c) if the loan is a Collateral Loan, the Chargor will perform all of the Chargor's obligations contained in the Credit Agreement and the Guarantee;

(d) the Chargor will keep in good standing all encumbrances on the Property which have priority to the Charge and not renew, amend, postpone, or extend any without the Chargee's prior written consent, and

(e) the Chargor is not a farmer as that term is defined in the *Farm Debt Review Act* R.S.C. 1985 (2nd Suppl), c.25.

4.03 INSURANCE

(a) So long as there is any Indebtedness outstanding the Chargor will:

  (i) insure the Improvements and keep them insured for their full replacement value. Such insurance will provide overage against loss or damage from risks and perils usually covered in fire and extended perils insurance policies; and

  (ii) obtain coverage for such other risks and perils as the Chargee, acting reasonably, may from time to time consider advisable and in respect of which insurance coverage is available.

(b) All insurance policies will contain deductible limits approved by the Chargee acting reasonably and will not contain any co-insurance requirements. The Chargee will be named as a mortgagee/chargee in all

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insurance policies. Each insurance policy will contain a standard mortgage clause acceptable to the Chargee acting reasonably and provide that the policy cannot expire, be amended or cancelled without thirty (30) days' prior written notice to the Chargee.

(c) The Chargor will ensure that all insurance policies are carried with companies approved by the Chargee acting reasonably. The Chargee may require any insurance with respect to the Property to be cancelled and new insurance to be placed with companies approved by the Chargee. If the Chargor fails to obtain and maintain any insurance required pursuant to the Charge, the Chargee will be entitled (but will not be obligated) to obtain such insurance as the Chargee deems proper and the Chargor will promptly repay to the Chargee all premiums paid by the Chargee for any such insurance.

(d) If any loss or damage occurs to any part of the Property, the Chargor will immediately notify the Chargee and furnish, at the Chargor's expense, all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance proceeds.

(e) The Chargee will have a lien for the Indebtedness on all insurance proceeds payable pursuant to insurance policies whether or not effected in accordance with this section. The Chargee may elect to have the insurance monies applied towards reinstatement of the Improvements or towards repayment of the Indebtedness, whether due or not.

(f) The Chargor will immediately deliver to the Chargee the originals or certified copies of all insurance policies affecting the Improvements. The Chargor will provide to the Chargee at least thirty (30) days before the expiry of any insurance policy, evidence satisfactory to the Chargee acting reasonably that the insurance policy has been renewed or that a comparable new policy has been obtained. If the Chargor is in default pursuant to this section, the Chargee may, but will not be obligated to, place any insurance coverage required by this section and to charge the premium paid to the Chargor.

(g) In the event that the Chargor has selected optional insurance, the optional monthly insurance premium payment, including applicable taxes, will be added to the Monthly Payment Amount to form the total monthly payment obligation. Each payment received by the Chargee will be applied according to section 3.02A(b). In the event that the optional insurance is subsequently cancelled or terminated in accordance with the applicable loan documentation, insurance certificate or other insurance documentation, then, in such circumstances, the Monthly Payment Amount, and Payment Due Date will remain unchanged and the payments made by Chargor will be applied first in payment of contractual interest due, second in payment of Principal due, third in payment of any contractual optional monthly insurance premium unpaid, fourth in payment of accrued interest unpaid, and the balance in reduction of Principal. Insurance coverage will continue provided that the Chargor continues to pay the monthly premium, in addition to the Chargor's Monthly Payment Amount. In addition to termination provisions contained in the applicable certificate, coverage will terminate should the sum of any past due premiums equal or exceed four times the Chargor's initial month's premium. The Chargor authorizes the Chargee to forward to the insurer, on a monthly basis, an amount equal to the outstanding optional insurance premium(s) due until the Chargee receives written notice from the Chargor cancelling the Chargor's insurance coverage or until the Chargor's insurance is otherwise terminated.

4.04 CONSTRUCTION, MAINTENANCE AND REPAIR

(a) The Chargor will keep the Property in good condition and repair. The Chargee may at any time in its sole discretion by its agents enter upon and inspect the Property. The Chargee may also enter upon the Property and make such repairs as it deems necessary and the Costs of such repairs will be payable immediately by the Chargor.

(b) Without limiting the foregoing, if the Chargee or its agents enter upon the Property and makes such repairs as the Chargee deems necessary, the Chargee will not thereby be deemed to be a mortgagee/chargee in possession.

(c) The Chargor will comply with all Applicable Laws relating to the condition, maintenance, use, occupation, construction, repair or alteration of the Property or any Improvement, including any parking requirements related to the Property. The Chargor will at its own expense promptly and in a good and workmanlike and timely manner make all improvements, alterations and repairs that may be required from time to time to effect such compliance or to complete such Improvement. The Chargor will advise the Chargee in writing of any such improvements, alterations and repairs and will obtain the Chargee's prior consent thereto in writing. All plans and drawings will be subject to the prior written approval of the Chargee acting reasonably and a copy of all contracts shall be provided to it. The Chargor will comply with the requirements of the *Construction Lien Act*, R.S.O. 1990 c.C.30.

(d) The Chargor will not make or permit to be made any alterations or additions to the Property, demolish any Improvements or part thereof, permit waste to be committed on any part of the Property, change the use of the Property or allow the Property to remain unoccupied or unused without the prior written consent of the Chargee acting reasonably.

(e) The Chargor covenants and warrants that the Improvements have not been or will not be insulated with urea formaldehyde foam insulation and that no contaminant or hazardous substance, including any "contaminant" as defined in the *Environmental Protection Act* (Ontario), exists or will be permitted to exist on the Property.

(f) No Improvements under construction or repair will remain unfinished nor shall work on them be suspended for a period of ten (10) consecutive days.

(g) All goods, chattels, equipment, machinery, appliances, plant, erections and improvements whatsoever, including elevating devices, furnaces, boilers, tanks, oil and gas burners, water heaters, fences, aerials or satellite dishes, water heaters, electric light fixtures, central vacuum system and attachments, alarm or

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security system, stoves, refrigerators, screen and storm doors and windows, window blinds and coverings, fitted blinds, shutters, awnings, wall to wall floor coverings, air conditioning, ventilating, cooling & heating equipment and all apparatus and equipment appurtenant thereto now or hereafter placed or installed upon the Property and being the property of the Chargor shall for all purposes of this Charge be fixtures and form part of the Property whether or not affixed in law to the Property. None shall be removed, sold or disposed of by the Chargor without the prior written consent of the Chargee and no Notice of Security Interest shall be permitted to be registered against the Property.

4.05 TAXES

(a) The Chargor will pay all Taxes when due. Within one month after the date fixed for the payment of the last instalment of Taxes in each year, the Chargor will furnish the Chargee with receipted tax bills showing that all Taxes for the year have been paid.

(b) Notwithstanding anything contained in paragraph (a) of this section,

(i) the Chargee may deduct from the advances of Principal an amount sufficient to pay all Taxes which are due and owing or which will become due during the calendar year in which any advance of Principal is made;

(ii) after the Interest Adjustment Date, the Chargor, if requested by the Chargee, will pay to the Chargee in monthly instalments on the first day of each month such amounts as in the opinion of the Chargee acting reasonably are required to pay each succeeding year's Taxes by the time such Taxes, or the first instalment, fall due. The Chargor will also pay to the Chargee on demand before the due date of each year's Taxes, or the first instalment, any additional amount which may be required so that out of the said monthly and additional tax payments the Chargee may pay the whole amount of each year's Taxes on or before the due date of the first instalment;

(iii) the Chargee will not be obligated to pay any interest or other allowance upon any amounts deducted by or paid to the Chargee pursuant to this section; and

(iv) if at any time the monies held by the Chargee on account of payment of the Taxes pursuant to the Charge are insufficient to pay the Taxes then due, the Chargee may, at its option, pay such Taxes, including any deficiency; any deficiency paid by the Chargee in payment of such Taxes will be payable by the Chargor together with interest thereon at the Interest Rate from the date of payment.

(c) The Chargor will forward to the Chargee copies of all assessment notices, tax bills and other notices affecting the imposition of Taxes as soon as the Chargor receives them.

4.06 CONDOMINIUM COVENANTS

If the Property consists of one or more condominium units:

(a) the Chargor will promptly observe and perform all obligations imposed on the Chargor by the *Condominium Act* and by the Declaration, the by-laws and the rules of the Condominium Corporation, as amended from time to time;

(b) without in any way limiting or restricting the generality of the foregoing:

(i) the Chargor will pay promptly when due any contributions to Common Expenses required of the Chargor as an owner of the Property;

(ii) the Chargor will transmit to the Chargee immediately upon the demand of the Chargee satisfactory proof that all Common Expenses assessed against or in respect of the Property have been paid;

(iii) the Chargee may pay out of any advance of the Principal all contributions to the Common Expenses assessed against or in respect of the Property which are due and unpaid at the date of such advance; and

(iv) whenever and so long as the Chargee so requires, the Chargor will, on or before the date when any sum becomes payable by the Chargor in respect of Common Expenses, pay such sum to the Chargee. The Chargee will immediately on receipt thereof remit all such sums to the Condominium Corporation on behalf of the Chargor or as the Condominium Corporation may from time to time direct;

(v) the Chargor shall seek compliance by the Condominium Corporation with the requirements of Section 4.03 hereof except as may necessarily be limited or varied to conform with the provisions of the *Condominium* Act; and

(c) the Chargee is irrevocably authorized to exercise the right of the Chargor to vote or consent respecting all matters relating to the affairs of the Condominium Corporation provided that:

(i) the Chargor will be entitled to exercise the right to vote or consent unless the Chargee gives notice of its intention to exercise such rights to the Chargor and to the Condominium Corporation; any such notice may be for an undetermined period of time, for a limited period of time or for a specific meeting or matter;

(ii) the Chargee will not be under any obligation to vote or to consent as aforesaid to protect the interest of the Chargor; and

(iii) the exercise by the Chargee of its right to vote or to consent as aforesaid will not constitute the Chargee a mortgagee/chargee in possession

4.07 LEASEHOLD COVENANTS

In addition to the covenants deemed to be included in the Charge pursuant to section 7(1) of the Act, if the Property is leasehold land, the Chargor covenants with the Chargee that:

(a) the Chargor has, if required, obtained the lessor's consent to the Charge of the Lease;

(b) the Lease is a good, valid and subsisting lease and has not been surrendered, forfeited, amended or become void or voidable and the rents and covenants thereby reserved have been duly paid and performed by the Chargor;

(c) during the term of the Lease and any extension or renewal thereof, the Chargor will not amend, surrender or modify the Lease or consent to any waiver or cancellation of any provision of it without the written consent of the Chargee and will pay the rent reserved by the Lease and perform and observe the covenants, provisos and conditions contained in the Lease and will indemnify the Chargee against all actions, claims and demands whatsoever in respect of the said rent and covenants or anything relating thereto;

(d) the Chargor will not subordinate or consent to the subordination of the Lease or any assignment of it by the Landlord without the Chargee's prior written consent;

(e) if the value of any Improvement should become payable to the Chargor, the amount so paid, to the extent not required by the Lease to be expended on the Property shall be paid to the Chargee.

(f) the Chargor will stand possessed of the Property for the last day of the term thereof or any renewal term granted by the Lease in trust for the Chargee and will assign and dispose of the said last day of the term as the Chargee may direct but subject to the same right of redemption and other rights as are hereby given to the Chargor; and

(g) the Chargor will immediately advise the Chargee of any notice of default of the Lease received by the Chargor.

If the Chargor acquires the freehold estate in the Property from the landlord under the Lease either directly or in directly by any means whatsoever including without limitation a conveyance, transfer, assignment, merger, release or quit claim, the leasehold charge created by the Charge shall automatically and without execution or registration of further documentation be a freehold charge on the Chargor's interest in the Property and shall not be deemed or held to have been terminated by reason of the merger of the Chargor's leasehold estate in the Property with the freehold estate in the Property.

4.08 LEASES BY CHARGOR

The Chargor agrees that the Chargee shall have the right at its option to approve all leases of the Property or any part thereof hereafter granted by the Chargor including the form and content thereof and each prospective tenant, such approval not to be unreasonably withheld but to be subject, without limitation, to the following specific considerations:

(a) each lease and renewal thereof shall be based upon prevailing rentals and be for a minimum term of one year for residential uses and five (5) years for all other uses, unless otherwise authorized in writing by the Chargee;

(b) each lease shall not contain any provision whereby the subtenant may deduct from, abate or set off any amount or amounts against the rent payable under the lease (except for an abatement or abatements resulting from damage or destruction to the Property provided that the Chargor or the Chargor's tenant has in place sufficient business interruption insurance to cover any such abatement) unless the tenant first gives to the Chargee notice in writing of the reason for the claim for such deduction, abatement or set off and the Chargee is allowed ten (10) days from the date of receipt of such notice to investigate and to remedy the claim, if necessary or desirable, in its sole discretion to be exercised reasonably; all costs and expenses incurred by the Chargee in investigating and remedying any such claim shall be paid by the Chargor forthwith on demand and shall bear interest and shall be a charge upon the Property;

(c) the lease shall provide that the tenant shall attorn to the Chargee or any purchaser of the Property at the request of the Chargee in the event of default under this Charge.

(d) the receipt of current credit reports acceptable to the Chargee with regard to all tenants.

The Chargor agrees that it will not receive or collect rent from any tenant, subtenant or occupant of the Property for a period of more than two (2) months in advance or enter into any agreement, arrangement or understanding with any such tenant, subtenant or occupant which will in any manner whatsoever result in a prepayment or a reduction of the rent to be paid by such tenant, subtenant or occupant except as aforesaid without the prior written consent of the Chargee (such consent not to be unreasonably withheld).

The Chargor agrees that it will not accept any surrender or cancellation of any lease of the Property or enter into any agreement or arrangement with any tenant thereof which would in any way have the effect of reducing the term of the lease by more than two (2) months or relieving the lessee from or decreasing its liability under the lease by more than the equivalent of two (2) months rent without the prior written consent of the Chargee (such consent not to be unreasonably withheld).

4.09 APPOINTMENT OF RECEIVER

Notwithstanding anything herein contained, any time or times when there shall be a Default, the Chargee may, with or without entry into possession of the Property, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term includes a receiver manager) of the Property, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in his stead, and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the Chargor's attorney, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

(a) Every such receiver shall have unlimited access to the Property as the Chargor's agent and attorney (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority to:

- (i) collect the rents and profits from tenancies whether created before or after this Charge;
- (ii) rent any portion of the Property which may become vacant on such terms and conditions as he considers advisable and enter into and execute leases, accept surrenders and terminate leases;
- (iii) complete the construction of any building or buildings or other erections or improvements on the Property left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the Property operable or rentable, and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and
- (iv) manage, operate, repair, alter or extend the Property or any part of it.

The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Property.

(b) The Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee.

(c) The Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Property.

(d) Every such receiver shall be deemed to be the agent or attorney of the Chargor and, in no event, the agent of the Chargee and the Chargee shall not be responsible for its acts or omissions.

(e) The appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a chargee in possession of the Property.

(f) No such receiver shall be liable to account for monies other than monies actually received by him in respect of the Property, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

- (i) his remuneration as outlined above;
- (ii) all costs and expenses of every nature and kind incurred by him in connection with the exercise of his powers and authority hereby conferred;
- (iii) interest, Principal and other money which may, from time to time, be or become charged upon the Property in priority to these presents, including taxes;
- (iv) to the Chargee the Indebtedness in such order as the Chargee in its discretion shall determine; and
- (v) to pay to the Chargor any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Property and shall bear interest from the date of demand at the Interest Rate.

(g) Save as to claims for accounting under clause (f)of this paragraph, you hereby release and discharge any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to you or any person claiming through or under him by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Chargee may, at any time and from time to time, terminate any such receivership by notice in writing to the Chargor and to any such receiver.

(i) The statutory declaration of an officer of the Chargee as to default under the provisions of this Charge and as to the due appointment of the receiver pursuant to the terms of this Charge shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers as outlined in this Charge and such dealing shall be deemed, as regards such person, to be valid and effectual.

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(j) The rights and powers conferred in this Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

4.10 RECORDS/CONDUCT OF BUSINESS

(a) The Chargor will keep proper records, statements and books of account pertaining to the Chargor and to the Property and any business conducted on it. The Chargee shall be permitted access to all such records during normal business hours, including the right to make notes or reproductions thereof.

(b) The Chargor, if a corporation, will not purchase or redeem any shares or pay off any paid up capital or extinguish or reduce the liability on any of its shares in respect of capital not paid up while this Charge remains undischarged. The Chargor will not consent to the transfer of any of its issued capital stock or issue any additional capital stock without the prior written consent of the Chargee.

(c) The Chargor will promptly advise the Chargee of any court proceeding which may materially and adversely affect the Chargor or the Property.

(d) The Chargor will not further charge or encumber the Property without the prior written consent of the Chargee.

ARTICLE 5: DEFAULT AND REMEDIES

5.01 EVENTS OF DEFAULT

Each of the following events constitutes a Default under the Charge:

(a) the Chargor fails to make any payment of all or any part of the Indebtedness when due;

(b) the Chargor or any Guarantor commits a breach of or fails to observe or perform any covenant or obligation contained in the Charge, the Credit Agreement, the Guarantee or any other agreement from time to time in effect between the Chargor or any Guarantor and the Chargee relating to the Credit Agreement or the Guarantee or in any way relating to or connected with the Property or the Charge, or if any representation or warranty of the Chargor or any Guarantor contained in any mortgage application or related document, the Charge, the Credit Agreement, the Guarantee or in any such other agreement or communication proves to be false or incorrect in any material respect;

(c) the Chargor or any Guarantor fails to discharge immediately any judgment for the payment of money rendered against it;

(d) the Chargor or any Guarantor commits any act of bankruptcy, becomes insolvent or admits its insolvency (as defined or provided for in any applicable statute);

(e) any receiver, manager, receiver and manager, monitor, trustee, sequestor, custodian or liquidator is appointed judicially or extra-judicially for the Chargor or any Guarantor or for any of their property;

(f) the Chargor or any Guarantor, or any of their property, becomes subject to any execution, seizure or other process of any court or to distress or any analogous process;

(g) the Chargor or any Guarantor defaults under any agreement with respect to any indebtedness or other obligation to any person other than the Chargor if such default has resulted in, or may result with notice or lapse of time or both, in the acceleration of any such indebtedness or obligation or the right of such person to realize upon all or any part of the Property;

(h) the Chargor or any tenant or occupant of the Property is in violation of any Applicable Laws relating to environmental matters; any contaminant or hazardous substance (including, without limitation, a "contaminant" as defined in the *Environmental Protection* Act [Ontario]) is present on the Property; or the Property is used as a waste disposal site;

(i) any construction lien against the Property is not discharged or vacated within ten (10) days after the Chargee has by notice in writing required the Chargor to remove it; or

(j) a Default on the Charge will also constitute a Default under any other charge held by the Chargee on the Property and/or a default under any such other charge constitutes a Default under this Charge.

5.02 POWER OF SALE

After a Default which has continued for the minimum period provided by law, the Chargee, on giving the minimum notice required by law, may enter on, lease or sell the Property. If permitted by law, the Chargee may enter on, lease or sell the Property without notice.

5.03 CHARGEE'S RIGHTS ON SALE

After a Default the Chargee may sell the Property or, if the Property is leasehold land, the unexpired term of years demised by the Lease. Any sale may be by public auction or private sale for such price as can reasonably be obtained and on such terms as to credit and otherwise and with such conditions of sale as the Chargee in its discretion deems proper. If any sale is for credit or for part cash and part credit, the Chargee will not be accountable for or be charged with any moneys until they are actually received. The Chargee may rescind or vary any contract or sale and may buy and re-sell the Property without being answerable for loss occasioned thereby. No purchaser will be bound to enquire into the legality, regularity or propriety of any sale or be affected by notice of any irregularity or

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impropriety. No lack of default, want of notice or other requirement or any irregularity or impropriety of any kind will invalidate any sale pursuant to the Charge and the Chargee alone will be responsible for any damage caused thereby. The Chargee may sell without entering into actual possession of the Property and while in possession will be accountable only for moneys which are actually received by it. The Chargee may, subject to the restrictions of applicable legislation, sell parts of the Property from time to time to satisfy any portion of the Indebtedness, leaving the remainder of the Property as security for the balance of the Indebtedness. The Chargee may sell the Property or any portion of the Property subject to the balance of the Indebtedness not yet due at the time of such sale. No proceeds of sale in excess of the Indebtedness will be payable unless releases in favour of the Chargee have been provided to it by such persons and in such terms as the Chargee may require. Failing receipt of such releases the Chargee may pay such proceeds into court.

5.04 COSTS OF SALE

The Costs of any proceedings pursuant to the Charge, whether such proceeding proves abortive or not, including taking, recovering or keeping possession of the Property or enforcing any remedies pursuant to the Charge will be payable by the Chargor.

5.05 VARIABLE INTEREST RATE

If the Interest Rate is a variable rate and, after a Default there is a period specified or allowed by the Charge or by law during or at the end of which the Charge may be redeemed or placed in good standing and on or before the commencement of which period a sum is to be fixed in advance for interest for each day or the whole of such period, the Interest Rate for such period will be the Interest Rate in effect on the day next preceding the first day of such period.

5.06 GENERAL RIGHTS OF CHARGEE

After a Default the Chargee may, but will not be obligated to, perform or cause to be performed any obligations of the Chargor pursuant to the Charge, and for such purpose may do such things as may be required, including, without limitation, entering upon the Property and doing such things upon or in respect of the Property as the Chargee reasonably considers necessary. The Costs of all such actions taken by the Chargee will be paid by the Chargor. Upon a Default, the Chargee may foreclose all right, title and equity of redemption of the Chargor in the Property or the Lease or distrain for arrears of the Indebtedness. The Chargor waives the right to claim exemption from distress and agrees that the Chargee shall not be limited to the amount for which it may distrain. Should the proceeds of any sale of the property not be sufficient to satisfy the indebtedness, the Chargee shall have the right to claim from the Chargor and any and all Guarantors and pursue to the fullest extent the amount of any deficiencies occasioned thereby, jointly and severally. Furthermore, upon Default of the payment of the Indebtedness, the Chargee may peaceably and quietly enter upon and use, occupy, possess, and enjoy the Property free from all encumbrances.

5.07 SALE OF LEASEHOLD PROPERTY

If the Property is leasehold land, the Chargor appoints the Chargee as the Chargor's attorney during the continuance of the Charge. If the Chargor has defaulted and the Chargee has given the notice required by the Charge, the Chargee, for and on behalf of the Chargor, may assign the Lease and convey the leasehold interest in the Property and the last day of the term granted by the Lease as the Chargee shall at any time direct. On any sale made by the Chargee under the statutory power or power of sale contained in the Charge, the Chargee may assign the Lease, the leasehold interest in the Property and the reversion to the purchaser. The Chargee or other person for the time being entitled to the Indebtedness may at any time, by deed, remove the Chargor or any other person from being a trustee of the Lease under the declaration of trust set out above and on the removal of the Chargor or any future trustee of the Lease, appoint a new trustee or trustees in place of the Chargor.

5.08 LAST DAY OF LEASE TERM

If the Property is leasehold land, the Chargor will, with respect to the Lease, at the request of the Chargee, but at the cost, charge and expense of the Chargor, grant to the Chargee, or any person whom it may appoint, the last day of the term of the Lease or any renewal or substituted term. If the Chargee sells under the power of sale contained in the Charge, the Chargor shall be the owner of the Property for the last day of the term of the Lease, and of any renewal or substituted term, and of all rights of renewal in trust for the purchaser or purchasers.

ARTICLE 6: DEALING WITH THE SECURITY

6.01 CONCURRENT REMEDIES

The Chargee may exercise all remedies provided for in the Charge or at law concurrently or in such order and at such times as it may see fit and will not be obligated to exhaust any remedy or remedies before exercising its rights pursuant to any other provisions contained in the Charge or at law.

6.02 JUDGMENTS

The taking of a judgment or judgments against the Chargor for breach of any of the Chargor's obligations contained in the Charge will not operate as a merger of such obligations or affect the Chargee's rights to interest on the Indebtedness at the Interest Rate. Any such judgment may provide that interest thereon will be computed at the Interest Rate until such judgment is fully paid and satisfied.

6.03 DISCHARGE OF CHARGE AND RELEASE

(a) The Chargee will have a reasonable period of time after the Charge ceases to operate as provided for in Section 3.01 to prepare and execute a discharge of the Charge. Interest at the Interest Rate will continue to run and accrue on all Indebtedness until full payment has been received by the Chargee. All reasonable legal and other expenses for the preparation, execution and delivery of the discharge, including an administration fee, will be paid by the Chargor. It will be the obligation of the Chargor to register the discharge of the Charge. Alternatively, after the Charge ceases to operate as provided for in Section 3.01, the Chargee, at its option, may discharge the Charge without notice to the Chargor.

(b) The Chargee may in its discretion, subject to the restrictions of applicable legislation, at any time release any part or parts of the Property or any other security for the Indebtedness either with or without any consideration and without releasing any other part of the Property or any person from the Charge or from any of the covenants contained in the Charge and without being accountable to the Chargor for the value of the land released or for any money except that actually received by the Chargee. Every part or lot into which the Property is or may hereafter be divided will stand charged with the entire Indebtedness.

(c) The Chargee may grant time, renewals, extensions, indulgences, releases and discharges, may take securities from and give the same up, may abstain from taking securities from or from perfecting securities and may otherwise deal with the Chargor, any Guarantor and all other persons and securities as the Chargee may see fit without notice or consent, all without prejudicing the rights of the Chargee pursuant to the Charge.

6.04 EXPROPRIATION

If the whole or any part of the Property is expropriated, condemned or otherwise taken by any governmental authority or corporation or is sold in lieu of or in reasonable anticipation of any such proceedings, all proceeds of any such expropriation or sale plus a bonus equal to three (3) month's interest thereon will, at the option of the Chargee, be paid to the Chargee, in priority to the claims of any other person and will, at the Chargee's option, be applied against all amounts secured by the Charge in such order of priority as the Chargee may in its sole discretion determine.

6.05 RENEWAL OR EXTENSION OF TIME

Neither any extension of time or any renewal of the Charge given by the Chargee to the Chargor or anyone claiming through the Chargor, any amendment to the Charge nor any dealing by the Chargee with a subsequent owner of the Property including any of the foregoing in which the Interest Rate may be increased or decreased or an Additional Advance may be made, whether or not notice of any of the foregoing has been given or consent obtained, will in any way affect or prejudice the rights of the Chargee against the Chargor, any Guarantor or any other person or persons liable for payment of the Indebtedness except as therein provided. The Charge may be renewed by an agreement in writing for any term, with or without an increased or decreased rate of interest or an Additional Advance, with or without other amendments or it may at any time be otherwise amended and such renewal or amendment shall be effective and retain the same priority over any instrument registered after the Charge, whether or not it is registered. Any agreement for renewal or extension of the term of payment of the monies hereby secured, or any part thereof, or any agreement increasing or decreasing the rate of interest payable hereunder or for an Additional Advance prior to execution of a discharge of this mortgage/charge by the Chargee need not be registered in any Land Titles Office but shall be effectual and binding on the Chargor and on any subsequent owner, Chargee or other party interested in the Property or any part thereof when deposited in or held at the office of the Chargee and shall take priority, as against any assignee, subsequent chargee, encumbrancer or other party as and from the commencement date of the renewal. If, upon the expiry of any term, the Chargee offers to extend or renew the term of this Charge and the Chargor fails to execute a renewal or extension agreement as required, the Chargee may prescribe the terms of renewal or extension, which will include extending the term for a further period of one year and prescribing the rate of interest payable on the outstanding balance at the then prevailing Chargee's one year fixed mortgage/charge rate or such other mortgage/charge rate as the Chargee, acting reasonably, deems appropriate and such terms shall be deemed to apply and be in full force and effect as against the Chargor as of the commencement date of the renewal or extended term. This Charge and all terms, covenants, and provisions (except as may be expressly amended by any such renewal or extension agreement) shall continue in full force and effect and nothing contained in any renewal or extension agreement shall have the effect of discharging, merging, replacing or rendering unenforceable this Charge as security unless the extension or renewal agreement so states.

6.06 SALE, TRANSFER OR CHARGE

(a) If the Chargor sells, leases, transfers or charges the Property or any interest in the Property without the written consent of the Chargee, and subject to the satisfaction of such conditions as the Chargee may specify in giving such consent, or if the Chargor is a corporation, its ownership or effective control changes, the Indebtedness will, at the option of the Chargee, forthwith become due and payable.

(b) If the Property is leasehold land, no sale or other dealing by the Chargor with the Lease or the Property or any part thereof or any other dealing by the Chargee with the Lease or the Property or any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable to repay the Indebtedness.

(c) No sale, transfer or charge of the Property by the Chargor, whether with or without the consent of the Chargee, will in any way change the liability of, or in any way alter the rights of the Chargee against, the Chargor, any Guarantor or any other person liable for payment of the Indebtedness or the performance of the obligations in the Charge.

6.07 ACCELERATION

After a Default or if all or any material part of the Property is expropriated, condemned or otherwise taken by any governmental authority or corporation having jurisdiction, the Indebtedness remaining unpaid will, at the option of the Chargee, immediately become due and payable.

6.08 LEASEHOLD RIGHTS

(a) The Chargee shall have the right to cure any default under the Lease.

(b) If the Chargor refuses or neglects to renew the Lease or any renewal thereof if so provided, then the Chargee may effect any such renewal in its own name or otherwise, and every renewal of the Lease and the Lands thereby demised shall remain and be security for the Indebtedness. The Chargor hereby irrevocably appoints the Chargee as its attorney for the purpose of effecting any such renewal.

ARTICLE 7: ASSIGNMENT OF RENTS

7.01 ASSIGNMENT OF RENTS

(a) The Chargor assigns to the Chargee all rents payable from time to time under all leases of the Property, whether presently existing or arising in the future, together with the benefit of obligations guarantees and indemnities contained in those leases.

(b) Immediately after granting any lease of the Property the Chargor shall, if requested by the Chargee, execute and deliver to the Chargee a specific assignment in the Chargee's usual form of all rents payable under such lease and the benefit of all tenant's obligations contained in such lease and will also execute and deliver to the Chargee all such notices and other documents as may be required in order to effect such assignment.

(c) Nothing contained in the Charge shall make the Chargee responsible for the collection of rents payable under any lease of the Property or for the performance of any of the landlord's obligations contained in any such lease.

(d) The Chargee shall not by virtue of the exercise of any of its rights under this Section be deemed a mortgagee/chargee in possession of the Property.

(e) The Chargee shall be liable to account only for such rents as are actually received (less reasonable collection charges). The Chargee may apply such rents to the payment of the Indebtedness in such manner as it shall determine.

(f) The Chargor shall until Default be entitled to collect all rents and other amounts due under all leases of the Property. The Chargor irrevocably authorizes the tenants under all leases to pay the rents to the Chargee after written demand from the Chargee without determination by the tenants whether Default has in fact occurred. Any rents or other monies received by the Chargor after Default shall be held in trust by the Chargor for the Chargee.

(g) Notwithstanding anything contained in the Charge, no lease of the Property granted by the Chargor without the consent in writing of the Chargee shall have priority over the Charge.

ARTICLE 8: MISCELLANEOUS

8.01 NOTICE

When any notice is given by the Chargee pursuant to or in connection with the Charge, such notice may be given in any manner permitted or provided by the laws applicable thereto, or, subject to the laws applicable thereto, may at the option of the Chargee be given by leaving it with the Chargor or any Guarantor or with a grown-up person at the Property, by mailing it by prepared registered post addressed to the Chargor or any Guarantor at the last known address of the Chargor or an Guarantor, by sending it by any electronic means of sending messages, including telex or facsimile transmission which produces a paper record, during normal business hours on a Business Day charges prepaid and confirmed by prepaid first class mail, or by publishing it once in some newspaper published or circulated in the city, town or county in which the Property is located. Such notice will be sufficient although not addressed to any person by name or designation and notwithstanding that any person to be affected thereby may be unknown, unascertained or under any disability. Subject to the laws from time to time applicable thereto, the giving of such notice in the manner aforesaid will be as effective as if the notice had been personally served upon all persons required to be served therewith.

8.02 MULTIPLE PARTIES AND ENFORCEMENT

If the Charge is given or assumed by more than one person, the obligations imposed by the Charge will be deemed to bind such persons jointly and severally unless otherwise specified. In the Charge, words in the singular include the plural and vice-versa, words in one gender include all genders and "person" includes an individual, corporation, partnership, joint venture, trust, unincorporated organization or any other entity recognized by law. Time will be of the essence of the Charge. All provisions of the Charge will have effect notwithstanding any statute to the contrary unless otherwise specifically provided by the statute. If any provision of the Charge is determined to be invalid or unenforceable by a court of competent jurisdiction from which no further appeal lies or is taken, that provision will be deemed to be severed from the Charge, and the remaining provisions of the Charge will remain in full force and effect.

8.03 TITLES

Titles in the Charge are inserted for convenience of reference only and will not affect or modify the interpretation or construction of all or any part of the Charge.

8.04 DATE OF CHARGE

Unless otherwise specified in the Charge, the date of the Charge will be the date on which it was registered.

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8.05 GOVERNING LAW

The Charge will be governed by, and interpreted and enforced in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario.

8.06 WAIVER

The Chargee may waive any Default. No waiver will extend to a subsequent Default, whether or not the same as or similar to the Default waived, and no act or omission by the Chargee will extend to, or affect, any subsequent Default or the rights of the Chargee arising from such Default. Any such waiver must be in writing and signed by the Chargee. No failure on the part of the Chargee or the Chargor to exercise, and no delay by the Chargee or the Chargor in exercising, any right pursuant to the Charge will operate as a waiver of such right. No single or partial exercise of any such right will preclude any other or further exercise of such right or the exercise of any other right.

8.07 NON-MERGER OF CREDIT AGREEMENT

If the Charge secures a Collateral Loan, the Charge is collateral security to the Credit Agreement or the Guarantee. The terms and conditions of the Credit Agreement or the Guarantee will remain binding and effective on the parties to the Charge and will not merge in the Charge nor in any document executed or delivered with respect to the Charge. If there is any inconsistency between the terms of the Credit Agreement or the Guarantee and the Charge, the terms of the Credit Agreement or the Guarantee will apply.

8.08 OTHER FEES

The Chargor will pay the Chargee its then current fees for preparing and providing mortgage/charge statements and other information regarding the Charge requested by the Chargor, amending its records to reflect the assumption of the Charge, entering into an agreement to amend any provision of the Charge and such other administrative matters performed by the Chargee relating to any collateral security and such amounts will be included in Costs.

8.09 SUCCESSORS AND ASSIGNS

The Charge will enure to the benefit of and be binding upon the Chargor, the Chargee and any Guarantor and their respective heirs, executors, administrators, legal representatives, successors (including any successor by reason of amalgamation or statutory arrangement of any party) and permitted assigns. All of the obligations of the Chargor and any Guarantor in the Charge will be deemed to be covenants by the Chargor and any such Guarantor in favour of the Chargee.

8.10 STATUTES

Unless specified otherwise, reference in the Charge to a statute refers to that statute as it may be amended or to any restated or successor legislation of comparable effect.

8.11 NO OBLIGATION TO ADVANCE

Neither the preparation, execution nor registration of the Charge will bind the Chargee to advance all or any part of the Principal; the advance of a part of the Principal will not bind the Chargee to advance any unadvanced portion of the Principal. If the whole or any part of the Principal is not advanced, the expenses of the examination of the title and of the Charge and all valuation fees and standby and commitment fees together with all Costs will be secured by the Charge and form part of the Indebtedness and the charge on the Property will take effect as soon as the Chargor has executed the Charge.

8.12 CHANGE OF STATUS

After any change affecting (a) the spousal status of the Chargor, (b) the qualification of the Property as a matrimonial home within the meaning of Part II of the *Family Law* Act (Ontario) or (c) the title to or charging of the Property, the Chargor will advise the Chargee and provide the Chargee with the full particulars of such change. The Chargor will provide the Chargee with any information or evidence relating to any of the matters dealt with in this Section which the Chargee may request.

8.13 GUARANTEE

Each Guarantor, in consideration of such advance or advances as the Chargee may make to or on behalf of the Chargor pursuant to or secured by the Charge and the terms and provisions of the Charge:

(a) covenants with the Chargee, as principal debtor and not as surety, to pay or cause to be paid to the Chargee the Indebtedness as provided in the Charge, as fully and in the same manner as if the Guarantor had executed the Charge as Chargor.

(b) further covenants, as principal debtor and not as surety, to perform the Chargor's covenants contained in the Charge and at all times to indemnify the Chargee and save it harmless from all losses, costs and damages in respect of the advances of money pursuant to the Charge and every matter and thing contained in the Charge;

(c) agrees that the Chargee may from time to time without notice to, or the consent of, the Guarantor:

  (i) extend the time for payment of all or any part of the Indebtedness;

  (ii) renew the Charge for any term with or without any increase or decrease in the Interest Rate or decrease in the Principal Amount;

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(iii) amend the terms and times of payment and the Interest Rate with respect to the Indebtedness;

(iv) refrain or forbear from enforcing payment of the Indebtedness;

(v) release any portion or portions of the Property with or without compensation;

(vi) waive or vary any of the Chargor's obligations;

(vii) grant any indulgence to the Chargor in respect of any Default; and

(viii) release or discharge the Chargor in any creditor, receivership, bankruptcy or other proceeding and notwithstanding any such act by the Chargee, the Guarantor will be bound by the provisions of the Charge until all of the Indebtedness is paid in full;

(d) agrees that the Chargee may at any time grant or refuse any additional credit to the Chargor, accept or release or renounce any collateral or other security, administer or otherwise deal with the Property, take an assignment of the rentals with respect to the Property and apply any and all moneys at any time received from the Chargor or from any other person or from the proceeds of any securities given in connection with the Charge in any manner the Chargee may deem appropriate. The Chargee may also apply any insurance proceeds in reduction of the Indebtedness, whether due or not, or for the reinstatement of the Improvements as the Chargee may in its absolute discretion deem advisable;

(e) agrees that all of the matters mentioned in the Charge may be performed by the Chargee without notice to, or the consent of, the Guarantor without releasing or in any way modifying, altering, varying or in any way affecting the liability of the Guarantor hereunder;

(f) agrees that the liability of each Guarantor, if there is more than one Guarantor, will be joint and several;

(g) agrees that, if there is more than one Guarantor, the Chargee may from time to time without notice to, or consent of any or all of the Guarantors, waive, release or partially release, or vary any obligations of any other Guarantor without relieving the Chargee from its liability hereunder;

(h) agrees that in the event of a Default, the Guarantor hereby waives any right to require the Chargee to proceed against the Chargor or the Property or to exhaust its rights and remedies against the Chargor or the Property before proceeding against the Guarantor;

(i) agrees that if the Chargor is a corporation, no change thereto or therein, including any amalgamation with any other corporation, shall in any way affect the liability of the Guarantor either occurring before or after such change and the Chargee shall not be concerned to see or inquire into the powers of the Chargor or any of its directors or other agents acting or purporting to act on its behalf, and moneys and advances in fact borrowed or obtained from the Chargee in professed exercise of such powers shall be deemed to form part of the Indebtedness hereby guaranteed, notwithstanding such borrowing or obtaining of moneys or advances shall be in excess of the powers of the Chargor or of its directors or other agents as aforesaid, or be in any way irregular, defective or informal;

(j) acknowledges that this guarantee has been delivered free of any conditions and that no representations have been made to the Guarantor affecting the Guarantor's liability under this guarantee. This guarantee is in addition to and not in substitution for any other guarantee now or hereafter held by the Chargee.

(k) agrees that liability hereunder shall be a continuous liability and shall subsist until payment in full of the Indebtedness. The Guarantor shall indemnify the Chargee and hold it harmless from any delay or deficiency in payment of the Indebtedness.

ACKNOWLEDGMENT

This Set of Standard Charge Terms is included in a Charge dated the ______ day of ________________, 20____ , made by

To

as Chargor(s)

as Chargee(s)

as Guarantor(s)

and each Chargor and Guarantor hereby acknowledges receipt of a copy of this Set of Standard Charge Terms before signing

the Charge.

______________________________ ______________________________

Guarantor(s) Chargor(s)

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Dated as of May 17, 2006

CitiFinancial Canada, Inc.
By its lawyers, Blake, Cassels & Graydon LLP

By: ______________________________
Edward M. Perlmutter, Partner

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Filing No. 200621 Cote
Filing Date May 26 2006 Date de Dépôt
Page 1 of/de 25 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Residential Mortgage
Ontario

Filing No. ___________________

Set of Standard Charge Terms
Land Registration Reform Act

Filed by Bank of Montreal

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

General Terms

By entering into the mortgage with us, you promise to repay a loan and you give us security over property. The security gives us a right to have the property used to pay what is owed.

The mortgage includes these **General Terms**.

The General Terms show:

- How you must pay the loan and what costs and taxes you must pay.
- What features apply.
- Your other responsibilities, especially for the property. For example, you must insure, repair and pay taxes on the property and comply with laws.
- Our rights if you don't comply with the mortgage.
- If you're guaranteeing the mortgage, what this means.

In the mortgage, **you** means each person giving security under the mortgage (except in part 13 of the General Terms). **We** means Bank of Montreal.

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1. Definitions.

This part explains the meaning of some words in the mortgage.

1.1 **Added charge**. This is a charge that you may have to pay if you're prepaying all or part of what is owed.

1.2 **Advance**. Where the mortgage says we make an advance to you, it includes our making an advance to anyone you direct.

1.3 **Amortization period**.

1.3.1 The amortization period is the time it would take to pay the loan in full, with interest at a given interest rate, by instalments of a given frequency and amount. There are four basic factors for the loan: the amount, interest rate, instalment and amortization period. With any three of them, we can work out the fourth. The mortgage uses the following amortization periods:

1.3.1.1 ***Remaining contractual amortization period for the term***. At any time, this is the amortization period that was agreed to for the current term of the loan, less the period since that term began.

1.3.1.2 ***Remaining contractual amortization period for the mortgage***. At any time, this is the amortization period that was agreed to for the mortgage, less the period since the interest adjustment date.

1.3.1.3 ***Remaining actual amortization period***. At any time, we work out the remaining actual amortization period by using what is owed at that time, the interest rate at that time, and the instalment at that time.

1.4 **Balance due date**. This is the day on which you must repay the balance of the loan and the interest on the loan in full, unless the loan is renewed for another term. The balance due date is sometimes called the "maturity date."

1.5 **Blended interest rate**. This is an interest rate that we work out when you re-borrow under section 5.3, or when we make a new loan under section 5.11.1.2 or 5.12. We use two interest rates:

- The first rate is the interest rate before you re-borrow or we make the new loan. We apply this rate to what is owed just before you re-borrow or we make the new loan.
- The second rate is our posted interest rate, when you and we enter into the agreement for you to re-borrow or for us to make the new loan, for a fixed rate closed term that is closest in length to the time remaining in the existing term of the loan. We apply this rate only to the additional amount that we're to lend under the re-borrowing or new loan.

We then pro-rate these rates, and the result is the blended interest rate.

1.6 **Closed term**. See section 1.17, **Open or closed term**.

1.7 **Compound interest**. This is interest on unpaid interest.

1.8 **Fixed rate term**. This is a kind of term where, at all times during the term of the loan, the interest rate can't change.

1.9 **Instalment**. This is your regular payment for the loan and interest. It doesn't include a tax or insurance payment.

1.10 **Insured mortgage**. This is a mortgage that's insured against the risk of the loan not being paid. The law requires a mortgage to be insured where the loan is higher than 75% of the estimated value of the property at the time of the mortgage. Even if the law doesn't require the mortgage to be insured, we may require it.

1.11 **Interest adjustment date**. The first term of the loan under the mortgage begins on a day called the interest adjustment date. The interest adjustment date has that name because we begin the term of the loan on the first day of the month, but we often make the loan or an advance before that day. For example, if we make the loan to you on April 16 and May 1 is the interest adjustment date, you must pay interest from April 16 to April 30 (15 days), and the term of the loan begins on May 1.

1.12 **Interest rate for the loan**. For a fixed rate term, this is the interest rate calculated for the calculation period as shown in the mortgage. For a variable rate term, the mortgage shows what kind of variable rate term you have, and the interest rate for the loan is the variable interest rate for that kind of term described in part 3.

1.13 **Leasehold interest**. When a person doesn't own the property but is a tenant under a lease, that person has a leasehold interest. The leasehold interest doesn't include other rights of the tenant, for example, an option to renew or purchase.

1.14 **Loan**. This is the principal amount that we advance and that the mortgage secures. It includes any advance we make under a re-borrowing.

1.15 **Loan-to-value ratio**. This is the amount of the loan or of what is owed at a time, as a percentage of the estimated value of the property. If you have an insured mortgage, the maximum loan-to-value ratio reflects requirements of the insurer.

1.16 **Mortgage**. The mortgage is the document that you're agreeing to that includes these General Terms. If the terms of the mortgage are changed, it means the mortgage as changed.

1.17 **Open or closed term**. If the mortgage gives you, at all times during the term of the loan, the right to prepay all of what is owed without an added charge, the kind of term is open. Otherwise, the kind of term is closed. A Convertible term is closed. We sometimes use the words "limited prepayment" for "closed."

1.18 **Payout statement**. This is a statement we issue that shows the amount that we project will be required to prepay all of what is owed on a given date.

1.19 **Posted interest rate**. This is the yearly interest rate that we fix from time to time for loans for residential properties in Canada secured by mortgages or guaranteed by hypothecs for each kind of term we offer and designated as our "posted rate" for each kind of term.

1.20 **Prime rate**. This is the yearly interest rate that we fix from time to time as our prime interest rate payable on Canadian dollar loans made in Canada and designated as our "prime rate."

1.21 **Property**.

1.21.1 The mortgage gives us security over some real property or land. We refer to this real property or land as the property. It includes all interests in the property, and all rights that go along with the property. It includes buildings and the other things that are referred to in section 7.2.

1.21.2 For a condominium, it's the unit and it includes the rights in the complex over which the mortgage gives us security. For a leasehold interest, it's the leased real property or land and it includes the tenant's interests in that real property or land.

1.22 **Property claim**. This is a right of anyone other than you in the property, and can include:

- A mortgage or other security.
- A lease, a right of way or other easement or servitude, or a restrictive covenant.
- A lien created by law (for example, for property taxes, utilities or condominium common expenses, or for a judgment).
- An exception, reservation, condition, limitation or provision.
- Any other encumbrance.
- A trust.
- A claim based on possession or use.
- A permission to occupy or use the property that can't be revoked.
- A claim under a marriage or family law.

1.23 **Property tax**. This is every kind of present or future federal, provincial, municipal or other tax, assessment or rate on or in respect of the property or any part of it. It includes a charge imposed by a municipality for an improvement, and a fee for information about property taxes.

1.24 **Section or part**. Where the General Terms refer to a section or part, they mean a section or part of the General Terms, unless they show otherwise.

1.25 **Tax or insurance payment**. This is a regular payment to us for property taxes, or a regular payment to the insurer for premiums for life or accident and illness insurance for the mortgage (if you obtain that insurance). It's in addition to the instalment.

1.26 **Term of the loan**. This is the period for which we make the loan to you. The term of the loan is usually shorter than the amortization period. For example, a loan may begin with a 25-year amortization period and a 5-year term. The first term of the loan under the mortgage begins on the interest adjustment date, and ends on the balance due date.

1.27 **Variable rate term**. This is a kind of term where the interest rate can change automatically based on changes in our prime rate.

1.28 **What is owed**. This is the total of the amounts owed to us as described in section 2.1.

1.29 **Work**. This is constructing anything that becomes part of the property, demolishing a part of the property, or altering, adding to, repairing or renovating the property.

2. What is owed and secured.

2.1 **General**. Under the mortgage, the following amounts are owed to us:

- Every amount that must be paid to us under the mortgage, including:
  - the loan,
  - interest,
  - compound interest and
  - costs.
- The amounts described in section 2.3.
- Amounts that, as a result of the mortgage, the law requires to be paid to us.
- Any amount needed to compensate us for a breach of your obligations under the mortgage.

Our security secures the amounts listed above and the other obligations to us under the mortgage. If we advance parts of the loan at different times, our security secures every advance. The amounts secured are subject to the limit shown in section 2.3.3.

2.2 **The loan**. You must repay the loan, and pay interest on it at the interest rate for the loan, in accordance with this section 2.2.

2.2.1 ***Interest to interest adjustment date***. You must pay the interest accrued from the day we make the advance or first advance to the day before the interest adjustment date. You must pay this interest on the interest adjustment date, or we can choose to collect this interest:

- By asking you to pay it on the 1st of each month (if we advance the loan or part of it more than a month before the interest adjustment date).
- By using part of the loan.
- By asking you to pay it when you pay the first instalment.

2.2.2 ***Instalment***. You must pay the amount of each instalment on every instalment date, beginning on the first instalment date and ending on the last instalment date, all as shown in the mortgage. We'll apply each instalment as follows:

- First, to pay or reduce any compound interest on the loan up to the instalment date.
- Second, to pay other interest on the loan up to that date.
- Third, to reduce the loan.

If the mortgage goes into default, we don't have to apply an instalment as shown above. If we don't advance the full amount approved for the loan, you must still pay the full amount of each instalment, unless we agree otherwise.

2.2.3 ***Balance***. You must repay the balance of the loan and the interest on the loan in full on the balance due date, unless the loan is renewed for another term.

2.3 **Other amounts that the mortgage secures**. This section 2.3 describes additional amounts that the mortgage secures. In this section 2.3, you means a person then shown by our records to be an owner of the property. Where you have a leasehold interest in the property, this is the holder of that interest. The terms in sections 12.12 and 12.13 apply to an agreement under this section 2.3.

2.3.1 ***A future change***. In the future, if we agree with you to change any of the terms for what is owed, the mortgage secures what is owed as changed. This is so, for example, if we renew the loan or extend the time for payment.

2.3.2 ***Additional amounts***. Whenever we lend an amount to you and you agree that the mortgage secures that amount or that the amount is lent under the mortgage, the mortgage also secures that amount and the interest on it. You'll be deemed to agree that the mortgage secures an amount:

- if it's a re-borrowing under section 5.3; or
- if, in your agreement for it, you refer to the mortgage.

2.3.3 ***Limit on amount secured***. There's a limit on how much the mortgage secures. The limit is the principal amount of the mortgage. The limit applies only to the following parts of what is owed at any time:

- The loan that is owing under section 2.2.
- The amount that is owing of what we lent under section 2.3.2.

There's no limit on how much the mortgage secures for other parts of what is owed, such as interest, costs and any amount needed to compensate us for a breach of your obligations under the mortgage.

2.4 **Prepayment**. You can prepay all or part of what is owed only where the mortgage specifically gives you a right to prepay. After you prepay part of what is owed, you must continue to pay the instalments.

2.5 **Interest generally**. All interest rates for what is owed (including compound interest) apply both before and after demand, the balance due date, default or judgment.

2.6 **Compound interest**. If interest isn't paid when it's due, compound interest must be paid on this unpaid interest. Compound interest must be paid at the same rate as the unpaid interest, is calculated in the same way, and must be paid on the same days. If compound interest isn't paid when it's due, compound interest must be paid on that interest. Compound interest must be paid even if interest isn't in arrears, for example, where you have a variable rate term and the instalment doesn't cover all the interest.

2.7 **Other terms about payments**.

2.7.1 All amounts are expressed in Canadian dollars and are payable in Canadian dollars.

2.7.2 You must keep a deposit account with us or a financial institution that we approve, and you must authorize us to debit that account with the instalment. If we ask, you must authorize us to debit the account with tax or insurance payments. You must ensure that there are sufficient funds in the account for every instalment or tax or insurance payment when it's due. If we ask, you must make any other reasonable arrangement for paying the instalment or making the tax or insurance payment.

2.7.3 Instalments, tax or insurance payments and other payments must be paid without any set-off. (Having to pay without set-off means that you don't have a right to reduce your debt by any amount we owe you.)

2.8 **Costs**.

2.8.1 ***Costs for the mortgage and security***. Once you've agreed to enter into the mortgage with us, whether we make an advance or not, you must pay us our costs for arranging the mortgage and taking our security. These include, for example, costs for:

- Inspecting the property, valuing it and surveying it.
- Preparing or registering the security.
- Searching title to the property or obtaining title insurance.
- Paying the insurance premium for an insured mortgage, any tax on the premium and any application fee.

2.8.2 ***Other costs***. You must pay us our costs for:

- Doing or paying anything that the mortgage says we can do or pay. Examples are arranging insurance; inspecting the property; paying property taxes; paying a property claim such as a prior mortgage; repairing, managing and operating the property; doing work; getting an environmental assessment; and complying with an obligation that you've failed to comply with.
- Giving an approval or consent under the mortgage and checking that conditions are met.
- Protecting ourselves from claims relating to our security, for example, from liens of those who do work.
- Collecting what is owed, if the mortgage goes into default, and exercising our powers under the mortgage.
- Doing anything relating to the mortgage that the mortgage doesn't require us to do but that you ask us to do, for example, entering into another agreement.

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You must also pay us our costs under other terms of the mortgage, for example, sections 7.8, 8.11, 10.10, 11.12, 12.12.1.3 and 12.15.

2.8.3 ***Other cost terms***. Wherever the mortgage requires you to pay a cost, the following terms will apply:

- The cost includes an expense, such as an insurance premium, a property tax or the amount of a prior mortgage.
- The cost includes lawyers' or notaries' fees and disbursements, charged on the basis that applies between a lawyer or notary and his or her own client, even though we may not have taken court proceedings.
- The cost includes costs for other professionals or agents, for example, an appraiser, surveyor or engineer.
- The cost may be the usual administration fee that we charge at the time.
- You must pay the cost to us as soon after it has been incurred as we ask for it. You must pay interest on the cost (including any compound interest) from when it's incurred at the interest rate for the loan.
- Our security secures the cost and the interest on it. We can choose to use part of the loan to pay the cost and interest.
- We have the rights under this section 2.8 only as far as permitted by a law that applies despite what you and we have agreed to.

3. Variable rate terms.

3.1 **General**. The interest rate during a variable rate term is based on our prime rate. The interest rate is calculated monthly not in advance. The interest rate varies (except as shown in section 3.2.2), because our prime rate varies and changes automatically when our prime rate changes. Our prime rate can change at any time. We don't have to send you a notice showing this change.

3.2 **Interest rates**.

3.2.1 ***Variable rate open term***. The interest rate for a variable rate open term is equal to our prime rate.

3.2.2 ***Variable rate Protected term***. The interest rate for a variable rate Protected term is 0.10% per year below our prime rate, until that interest rate first goes over the maximum interest rate shown in the mortgage. At all times after that, the interest rate is the maximum interest rate.

3.2.3 ***Variable rate Flexible Below Prime term***. The interest rate for a variable rate Flexible Below Prime term is 2.25% per year below our prime rate until the end of the first three months of the term of the loan. After the first three months of the term of the loan, the interest rate is 0.375% per year below our prime rate.

3.3 **Payments**.

3.3.1 ***Instalment***. Although the interest rate for a variable rate term varies, the instalment doesn't change (except under section 3.3.2). Thus, when the interest rate goes down, more of the instalment goes to repay the loan and the remaining actual amortization period decreases. When the interest rate goes up, less of the instalment goes to repay the loan and the remaining actual amortization period increases.

3.3.2 ***Effect if interest is more than the instalment***. When the interest rate goes up, the instalment may not be enough to pay all of the interest. When this occurs, what is owed increases and you must pay compound interest. For a variable rate open term or a variable rate Flexible Below Prime term, whenever what is owed goes over 105% of the principal amount of the mortgage, if we ask, you must do one or more of the following:

- Immediately pay us the excess.
- Pay us a higher instalment, beginning on the next instalment date, and going on until the balance due date. We fix the amount of the higher instalment to cover any expected rate increase, or to stop what is owed from increasing.
- Convert the loan to a fixed rate term if the mortgage gives you an option to do so.

If you've gone over the 105% and are paying us a higher instalment, and you later prepay under an option to do so, that may bring you under the 105%, but you wouldn't have a right to lower the instalment. If you're paying us the higher instalment, you can't lower it under sections 5.14.2 or 5.19.4.

4. Renewal.

4.1 **Renewal offer**. Shortly before the balance due date, unless you're in default, we'll send you our offer to renew the loan, which will allow you to choose a kind of term from several options. The offer will contain each kind of term available to you, the interest rate applicable to each kind of term and any new or amended terms that would also apply to the mortgage. If by the balance due date you've neither paid all of what is owed at that time nor agreed with us to renew, you'll be deemed to have accepted our offer for a new kind of term beginning on the day after the balance due date as follows:

4.1.1 If you have a fixed rate term for six months, one year or two years, the new kind of term is the same kind of term again. If you have a closed term, the new kind of term is closed. If you have an open term, the new kind of term is open.

4.1.2 If you don't have a kind of term described in section 4.1.1, the new kind of term is a fixed rate open term of six months.

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5. Features.

5.1 What features apply.

5.1.1 The heading for each section of this part 5 shows what kind of term a feature applies to. Except where a feature applies to any kind of term, the feature applies only while you have the kind of term shown in the heading.

5.1.2 This part 5 does the following:

- shows the features that apply to all kinds of terms; then
- shows the features that apply to each kind of term; and then
- shows how a change under the features is made, and explains our added charge.

5.1.3 If the mortgage is in default, you can't use any of the features in this part 5.

5.2 Any kind of term: *Paying the instalment monthly or more often, or accelerated instalments*.

5.2.1 **Your option**. You can ask to pay the instalments in any of four ways:

- every week on Friday,
- every two weeks on Friday,
- twice a month on the 1st and 15th, or
- monthly on the 1st.

You can ask to change the way you pay the instalments at any time. To work out the new instalment, we start with the monthly instalment when the term of the loan began. However, if you chose to pay instalments more often than monthly, we start with what would have been the monthly instalment when the term of the loan began. And, if you and we have agreed to increase the instalment, we start with the monthly instalment as increased. For instalments more often than monthly, we then multiply that monthly instalment by 12 and divide the result by 52 (for every week), 26 (for every two weeks) or 24 (for twice a month).

5.2.2 **Accelerated instalments**. You can prepay by paying what we call "accelerated instalments." To work out the accelerated instalment, we use the same monthly instalment that we'd start with under section 5.2.1. An accelerated instalment paid every week is that monthly instalment divided by 4. An accelerated instalment paid every two weeks is that monthly instalment divided by 2. An accelerated instalment paid twice a month is that monthly instalment times 13 and divided by 24.

5.2.3 **How we make the change**. When we change the way you pay the instalments under section 5.2.1 or 5.2.2, the terms of section 5.22 apply.

5.2.4 **Instalments after default**. If the mortgage has gone into default, you must pay any arrears. In addition, if you pay the instalment more often than monthly, if we choose, you must pay the instalment made back into a monthly instalment. We can fix the date on which you must start paying this new monthly instalment. If we've chosen to have you pay the instalments monthly under this section 5.2.4, you can't change the way you pay the instalments under section 5.2.1 or 5.2.2. Nothing in this section 5.2.4, and nothing we do under this section 5.2.4, impairs any other right of ours under the mortgage. For example, all of what is owed must still, if we choose, be paid immediately.

5.2.5 **Tax or insurance payments**. If you pay tax or insurance payments, when the way you pay the instalments is changed, we can decide how often you must pay these tax or insurance payments.

5.3 Any kind of term: *Re-borrowing*.

5.3.1 **How much you can re-borrow**. Subject to section 5.3.3, if you've previously prepaid, you may be able to re-borrow on the terms in section 5.3.4.

5.3.1.1 To work out what you can re-borrow:

- First we determine your start date and your initial loan balance, and section 5.3.2 gives examples of how we do this.
- Then we work out what would have been owed if, since your start date, you had only paid instalments without prepaying.
- If what is owed at the time is less than what would have been owed at the time, the difference is what you may re-borrow.

5.3.1.2 What is owed after you re-borrow must not cause the loan-to-value ratio after you re-borrow to go over the maximum loan-to-value ratio we set when you ask to re-borrow. We base the loan-to-value ratio on what we estimate is the value of the property when you ask to re-borrow (and we don't have to get a new appraisal or make an inspection).

5.3.1.3 Some transactions reduce what you can re-borrow. For example, if you've skipped an instalment under section 5.4, that will lower what you can re-borrow.

5.3.2 **Your start date and your initial loan balance**. The following are examples of how we determine your start date and your initial loan balance:

- If you entered into the mortgage with us, your start date is the interest adjustment date, and your initial loan balance is the principal amount shown in the mortgage.
- If you assumed the mortgage by taking a transfer of the property subject to the mortgage, your start date is the date of transfer, and your initial loan balance is the loan balance on your start date.

5.3.3 **When you can't re-borrow**. We may not allow a re-borrowing in some cases. For example, we don't allow it where:

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- Your employer is subsidizing the loan.
- The loan is under a self-directed registered retirement savings plan.
- The property was transferred to you in the same month in which you want to re-borrow.
- We're letting you skip an instalment.
- You've obtained a payout statement and it hasn't expired or been cancelled.
- You're asking to change the kind of term.
- There's another property claim on the property that arose after the mortgage.
- You're re-borrowing to avoid having the mortgage go into default.
- We haven't advanced the full amount approved for the loan.
- The term of the loan has ended.
- The loan has been reduced to zero.
- The mortgage is in default, or has gone into default during the last 90 days.

5.3.4 **Terms for re-borrowing**. When you re-borrow:

- You can't re-borrow less than $2,500 at a time.
- The kind of term you have stays the same.
- The balance due date doesn't change.
- If you have a fixed rate term, the interest rate is the blended interest rate (see section 1.5).
- If you have a variable rate term, your interest rate continues to be calculated in the same way.
- The instalment is based on what is owed just before the re-borrowing takes effect plus the amount you re-borrow, the remaining contractual amortization period for the term and your interest rate when the re-borrowing takes effect but, if you choose a variable rate Protected term, it's the maximum interest rate.
- You don't have to pay us an added charge.
- The terms of section 5.22 apply to this change.

5.4 Any kind of term: *Family Care® and Take a Break®*.

5.4.1 **What the Family Care and Take a Break options are**. These options may allow you to skip instalments. If you've re-borrowed under section 5.3, that may lower how many instalments you can skip.

5.4.2 **How many instalments you can skip**.

5.4.2.1 The Family Care option allows you to skip the following instalments in any calendar year:

- If you pay the instalment monthly, the most is 4 instalments.
- If you pay twice a month or every two weeks, the most is 8 instalments.
- If you pay every week, the most is 16 instalments.

5.4.2.2 The Take a Break option allows you to skip the following instalments in any calendar year:

- If you pay the instalment monthly, the most is 1 instalment.
- If you pay twice a month or every two weeks, the most is 2 instalments.
- If you pay every week, the most is 4 instalments.

5.4.3 **Terms for skipping instalments**.

5.4.3.1 If the mortgage isn't an insured mortgage:

- The instalments you may skip must not cause what is owed after you skip instalments to go over your initial loan balance as determined under section 5.3.2.
- What is owed after you skip instalments must not cause the loan-to-value ratio to go over the maximum loan-to-value ratio we set when you ask to skip an instalment. We base the loan-to-value ratio on what we estimate is the value of the property when you ask to skip an instalment (and we don't have to get a new appraisal or make an inspection).

5.4.3.2 If the mortgage is an insured mortgage, the instalments you can skip can't be more than what you can re-borrow under section 5.3.1.

5.4.3.3 If you don't skip an instalment in one year, you can't save it for another year.

5.4.3.4 We may not allow you to skip an instalment in some cases. For example, we don't allow either option if your employer is subsidizing the loan.

5.4.3.5 The property must be either a one-family home that you occupy (including a one-family condominium) or a two-family home of which you occupy one unit.

5.4.3.6 A right to skip an instalment ends when there is a transfer of the property. You don't have a right to skip an instalment after you've obtained a payout statement, until it expires or is cancelled.

5.4.3.7 For the Family Care option, we must be satisfied as to all of the following:

- You or your partner needs to care for a new baby, a newly adopted child or a sick relative.
- Whichever of you or your partner will provide the care is employed (not self-employed) and the employer has given leave to provide the care.
- You'll be able to pay the instalments when you can no longer skip instalments.

5.4.3.8 You must not be collecting mortgage accident and illness insurance benefits. Your right to skip an instalment ends when you become entitled to collect those benefits.

5.4.3.9 When you skip an instalment, we don't waive any interest. Interest (including compound interest) continues to accrue during the period covered by the instalment, and increases what is owed.

5.4.3.10 Skipped instalments don't have to follow each other.

5.4.3.11 You can't skip a tax or insurance payment.

5.4.3.12 The terms of section 5.22 apply to this change.

5.4.4 **Your rights to cancel or pay a skipped instalment**. At any time, you can cancel an agreement allowing you to skip an instalment. At any time after you've skipped an instalment, you can pay all or part of that instalment. This is in addition to your option to prepay 20% under section 5.10.1, 5.18.1 or 5.20.1 (where you have that option). If you pay all or part of a skipped instalment, you don't have to pay us an added charge and you don't have to tell us in advance that you want to pay.

5.5 Any kind of term: *Transfer*.

5.5.1 **Our right to require the loan to be repaid in full immediately on a transfer**. If we choose, you must pay all of what is owed immediately (including amounts that haven't become due) whenever there's a transfer of your interest in the property. Where more than one person holds the interest, there's a transfer of the interest when there's a transfer by any person.

5.5.2 **Our approval**. We won't choose to have all of what is owed paid immediately if, before the transfer, we agree in writing to allow the person who receives the transfer to assume the mortgage. We won't withhold this agreement unreasonably. The person must meet our usual credit requirements at the time and, if we ask, agree with us to comply with the mortgage.

5.5.3 **Agreement not to take legal action against you after you transfer**. When you sell the property, you can ask us to agree that, if the person who assumed the mortgage under section 5.5.2 defaults after you've transferred the property to that person, we won't take legal action to collect what is owed from you (meaning the person who transferred) or a person who was a guarantor before the transfer. We don't have to agree unless, acting reasonably, we're satisfied with every person to whom you transfer. Our approval of an assumption under section 5.5.2 doesn't mean that we're satisfied with that person. The agreement has no effect unless it's in writing. The agreement doesn't impair our security on the property, our rights against the person who assumed the mortgage under section 5.5.2, or any of our other rights under the mortgage (other than to take legal action to collect what is owed from you). You don't have to pay us an administration fee for the agreement.

5.5.4 **Portability**. If you consent to our dealing with a person who wants to assume the mortgage under section 5.5.2, you give up your option in section 5.11.

5.6 Fixed rate open term: *Increasing the instalment*.

5.6.1 **Your option to increase**. At any time during the term of the loan, you can prepay by asking us to increase the instalment by any amount. You don't have to pay us an added charge.

5.6.2 **Your option, after an increase, to lower the instalment**. After an increase under your option to increase the instalment, at any time during the term of the loan, you can ask us to lower the instalment. We don't have to lower the instalment if that would make the remaining actual amortization period after the change longer than the remaining contractual amortization period for the mortgage when you and we enter into the agreement to make the change.

5.6.3 **How we make the change**. When we increase or lower the instalment under this section 5.6, the terms of section 5.22 apply.

5.7 Fixed rate open term: *Prepaying*.

At any time during the term of the loan, you can prepay all or part of what is owed. You can't prepay less than $100 at a time. You don't have to pay us an added charge. You don't have to tell us in advance that you want to prepay.

5.8 Fixed rate open term: *Conversion*.

Your option. At any time during the term of the loan, you can ask us to convert the loan to any new kind of term that you choose as follows:

- The new term of the loan begins when the change takes effect.
- If you choose a fixed rate term, the interest rate is our posted interest rate for the new kind of term when you and we enter into the agreement to make the change.
- If you choose a variable rate term, the interest rate is our variable interest rate for the new kind of term.
- The instalment is based on what is owed when the change takes effect, the new interest rate and the amortization period described as follows:
    - The new interest rate is the interest rate described above but, if you choose a variable rate Protected term, it's the maximum interest rate when you and we enter into the agreement to make the change.
    - The amortization period is the remaining actual amortization period just before the change takes effect. However, if that period is more than the remaining contractual amortization period for the term when the change takes effect, it's the latter.

You don't have to pay us an added charge. The terms of section 5.22 apply to this change.

5.9 Fixed rate closed term: *Increasing the instalment*.

5.9.1 **Your option to increase by up to 20%**. Once in each calendar year, you can prepay by asking us to increase the instalment by up to 20% of the instalment just before the increase. If you don't use this option in one year (or you don't use all of it), you can't save it (or the rest of it) for another year. You don't have to pay us an added charge.

5.9.2 **Your option, after an increase, to lower the instalment**. After an increase under your option to increase the instalment, at any time during the term of the loan, you can ask us to lower the instalment. We don't have to lower the instalment if that would make the remaining actual amortization period after the change longer than the remaining contractual amortization period for the mortgage when you and we enter into the agreement to make the change.

5.9.3 **How we make the change**. When we increase or lower the instalment under this section 5.9, the terms of section 5.22 apply.

5.10 Fixed rate closed term: *Prepaying*.

5.10.1 **Your option to prepay up to 20% a year**. You can prepay part of what is owed as follows:

- The total of what you prepay under this section 5.10.1 in any calendar year cannot be more than 20% of the original amount of the loan.
- You can't prepay less than $100 at a time.
- You can prepay in this way at any time during the year.
- If you don't use this option in one year (or you don't use all of it), you can't save it (or the rest of it) for another year.
- You don't have to pay us an added charge.
- You don't have to tell us in advance that you want to prepay.
- You can't prepay under this section 5.10.1 if you've obtained a payout statement and it hasn't expired or been cancelled.

5.10.2 **Your option to prepay with an added charge**. At any time during the term of the loan, in addition to your option to prepay 20% under section 5.10.1 (where you have that option), you can prepay all or part of what is owed as follows:

5.10.2.1 Except as shown in section 5.10.2.2, you must at the same time also pay us an added charge of the higher of:

- three months' interest on the amount that you're prepaying, or
- the added charge based on different interest rates under section 5.23.1.

5.10.2.2 If the term of the loan is longer than five years and you prepay all or part of what is owed after the fifth year of the term of the loan, the added charge is three months' interest on the amount that you're prepaying.

5.10.2.3 You don't have to tell us in advance that you want to prepay. See also section 5.23.2.

5.11 Fixed rate closed term: *Portability, carrying the terms of the loan to a new property*.

5.11.1 **Your option**. If you sell the property and buy another property in Canada, you can ask us to make a new loan to you at that time secured by the property you buy.

5.11.1.1 If the amount of the new loan is the same as what is owed under the old loan when we make the new loan, the new loan is as follows:

- It's a fixed rate closed term.
- It has the same balance due date as the old loan.
- The interest rate is the same as for the old loan.

5.11.1.2 If the amount of the new loan is more than what is owed under the old loan when we make the new loan, the new loan is as follows:

- It's a fixed rate closed term.
- It has the same balance due date as the old loan.
- The interest rate is the blended interest rate (see section 1.5).

You don't have to pay us an added charge. We don't have to make the new loan unless our usual credit requirements are met.

5.11.2 **Repaying the old loan**. When we make a new loan under this section 5.11, you must repay all of what is owed at that time on the old loan (including amounts that haven't become due). If you want to repay all or part of what is owed on the old loan before we make the new loan, you can only do so under an option to prepay in the mortgage.

5.12 Fixed rate closed term: *Portability, carrying the terms of the loan to a higher loan on the property*.

5.12.1 **Your option**. At any time during the term of the loan, you can ask us to make a new loan to you secured by the property, where the amount of the new loan is more than what is owed under the old loan when we make the new loan. The new loan is as follows:

- It's a fixed rate closed term.
- It has the same balance due date as the old loan.
- The interest rate is the blended interest rate (see section 1.5).

You don't have to pay us an added charge. We don't have to make the new loan unless our usual credit requirements are met.

5.12.2 **Repaying the old loan**. When we make a new loan under this section 5.12, you must repay all of what is owed at that time on the old loan (including amounts that haven't become due).

5.13 Fixed rate Convertible term: *Conversion*.

Your option. At any time during the term of the loan, you can ask us to convert the loan as follows:

- The new kind of term is a fixed rate closed term of one year or more, beginning when the change takes effect.
- The interest rate is our posted interest rate for the new kind of term when you and we enter into the agreement to make the change.
- The instalment is based on what is owed when the change takes effect, the new interest rate and the amortization period described as follows:
    - The amortization period is the remaining actual amortization period just before the change takes effect. However, if that period is more than the remaining contractual amortization period for the term when the change takes effect, it's the latter.

You don't have to pay us an added charge. The terms of section 5.22 apply to this change.

5.14 Variable rate open term: *Increasing the instalment*.

5.14.1 **Your option to increase**. At any time during the term of the loan, you can prepay by asking us to increase the instalment by any amount. You don't have to pay us an added charge.

5.14.2 **Your option, after an increase, to lower the instalment**. After an increase under your option to increase the instalment, at any time during the term of the loan, you can ask us to lower the instalment. We don't have to lower the instalment if that would make the remaining actual amortization period after the change longer than the remaining contractual amortization period for the mortgage when you and we enter into the agreement to make the change.

5.14.3 **How we make the change**. When we increase or lower the instalment under this section 5.14, the terms of section 5.22 apply.

5.15 Variable rate open term: *Prepaying*.

Your option. At any time during the term of the loan, you can prepay all or part of what is owed. You can't prepay less than $100 at a time. You don't have to pay us an added charge. You don't have to tell us in advance that you want to prepay.

5.16 Variable rate open term: *Conversion*.

Your option. At any time during the term of the loan, you can ask us to convert the loan to any new kind of term that you choose as follows:

- The new term of the loan begins when the change takes effect.
- If you choose a fixed rate term, the interest rate is our posted interest rate for the new kind of term when you and we enter into the agreement to make the change.
- If you choose a variable rate term, the interest rate is our variable interest rate for the new kind of term.
- The instalment is based on what is owed when the change takes effect, the new interest rate and the amortization period described as follows:
    - The new interest rate is the interest rate described above but, if you choose a variable rate Protected term, it's the maximum interest rate when you and we enter into the agreement to make the change.
    - The amortization period is the remaining actual amortization period just before the change takes effect. However, if that period is more than the remaining contractual amortization period for the term when the change takes effect, it's the latter.

You don't have to pay us an added charge. The terms of section 5.22 apply to this change.

5.17 Variable rate Protected term: *Increasing the instalment*.

5.17.1 **Your option to increase by up to 20%**. Once in each calendar year, you can prepay by asking us to increase the instalment by up to 20% of the instalment just before the increase. If you don't use this option in one year (or you don't use all of it), you can't save it (or the rest of it) for another year. You don't have to pay us an added charge.

5.17.2 **Your option, after an increase, to lower the instalment**. After an increase under your option to increase the instalment, at any time during the term of the loan, you can ask us to lower the instalment. We don't have to lower the instalment if that would make the remaining actual amortization period after the change longer than the remaining contractual amortization period for the mortgage when you and we enter into the agreement to make the change.

5.17.3 **How we make the change**. When we increase or lower the instalment under this section 5.17, the terms of section 5.22 apply.

5.18 Variable rate Protected term: *Prepaying*.

5.18.1 **Your option to prepay up to 20% a year**. You can prepay part of what is owed as follows:

- The total of what you prepay under this section 5.18.1 in any calendar year cannot be more than 20% of the original amount of the loan.

- You can't prepay less than $100 at a time.
- You can prepay in this way at any time during the year.
- If you don't use this option in one year (or you don't use all of it), you can't save it (or the rest of it) for another year.
- You don't have to pay us an added charge.
- You don't have to tell us in advance that you want to prepay.
- You can't prepay under this section 5.18.1 if you've obtained a payout statement and it hasn't expired or been cancelled.

5.18.2 **Your option to prepay, with an added charge**. At any time during the term of the loan, in addition to your option to prepay 20% under section 5.18.1 (where you have that option), you can prepay all or part of what is owed, but you must at the same time also pay us an added charge of three months' interest on the amount that you're prepaying, at the interest rate when you prepay. See also section 5.23.2. You don't have to tell us in advance that you want to prepay.

5.19 Variable rate Flexible Below Prime term: *Increasing the instalment*.

5.19.1 **First three years: your option to increase by up to 20%**. During the first three years of the term of the loan, once in each calendar year, you can prepay by asking us to increase the instalment by up to 20% of the instalment just before the increase. If you don't use this option in one year (or you don't use all of it), you can't save it (or the rest of it) for another year. You don't have to pay us an added charge.

5.19.2 **First three years: your further option to increase**. During the first three years of the term of the loan, after each increase in the interest rate, you can prepay by asking us to increase the instalment, so that the remaining actual amortization period after the change must not be shorter than the remaining actual amortization period just before that increase in the interest rate. You don't have to pay us an added charge.

5.19.3 **After three years: your option to increase**. At any time after the first three years of the term of the loan, you can prepay by asking us to increase the instalment by any amount. You don't have to pay us an added charge.

5.19.4 **Your option, after an increase, to lower the instalment**. After an increase under any of your options to increase the instalment, at any time during the term of the loan, you can ask us to lower the instalment. We don't have to lower the instalment if that would make the remaining actual amortization period after the change longer than the remaining contractual amortization period for the mortgage when you and we enter into the agreement to make the change.

5.19.5 **How we make the change**. When we increase or lower the instalment under this section 5.19, the terms of section 5.22 apply.

5.20 Variable rate Flexible Below Prime term: *Prepaying*.

5.20.1 **First three years: your option to prepay up to 20% a year**. During the first three years of the term of the loan, you can prepay part of what is owed as follows:

- The total of what you prepay under this section 5.20.1 in any calendar year cannot be more than 20% of the original amount of the loan.
- You can't prepay less than $100 at a time.
- You can prepay in this way at any time during the year.
- If you don't use this option in one year (or you don't use all of it), you can't save it (or the rest of it) for another year.
- You don't have to pay us an added charge.
- You don't have to tell us in advance that you want to prepay.
- You can't prepay under this section 5.20.1 if you've obtained a payout statement and it hasn't expired or been cancelled.

5.20.2 **First three years: your option to prepay with an added charge**. At any time during the first three years of the term of the loan, in addition to your option to prepay 20% under section 5.20.1 (where you have that option), you can prepay all or part of what is owed, but you must at the same time also pay us an added charge of two months' interest on the amount that you're prepaying, at the interest rate when you prepay. You don't have to tell us in advance that you want to prepay.

5.20.3 **After three years: your option to prepay**. At any time after the first three years of the term of the loan, you can prepay all or part of what is owed. You can't prepay less than $100 at a time. You don't have to pay us an added charge. You don't have to tell us in advance that you want to prepay.

5.21 Variable rate Flexible Below Prime term: *Conversion*.

5.21.1 **First three years**. At any time during the first three years of the term of the loan, you can ask us to convert the loan to a fixed rate closed term as follows:

- The new term of the loan begins when the change takes effect.
- The new term of the loan ends no sooner than the end of the first three years of the old term.
- The interest rate is our posted interest rate for the new kind of term when you and we enter into the agreement to make the change.
- The instalment is based on what is owed when the change takes effect, the new interest rate and the amortization period described as follows:

  - The amortization period is the remaining actual amortization period just before the change takes effect. However, if that period is more than the remaining contractual amortization period for the term when the change takes effect, it's the latter.

You don't have to pay us an added charge. The terms of section 5.22 apply to this change.

When you ask us to convert the loan under this section 5.21.1, you can also at the same time ask us to make a new loan to you under section 5.11 or 5.12.

5.21.2 **After three years**. At any time after the first three years of the term of the loan, you can ask us to convert the loan to any new kind of term that you choose as follows:

- The new term of the loan begins when the change takes effect.
- If you choose a fixed rate term, the interest rate is our posted interest rate for the new kind of term when you and we enter into the agreement to make the change.
- If you choose a variable rate term, the interest rate is our variable interest rate for the new kind of term.
- The instalment is based on what is owed when the change takes effect, the new interest rate and the amortization period described as follows:
  - The new interest rate is the interest rate described above but, if you choose a variable rate Protected term, it's the maximum interest rate when you and we enter into the agreement to make the change.
  - The amortization period is the remaining actual amortization period just before the change takes effect. However, if that period is more than the remaining contractual amortization period for the term when the change takes effect, it's the latter.
  - You don't have to pay us an added charge. The terms of section 5.22 apply to this change.

5.22 Changes generally.

5.22.1 **When a change takes effect**. A change to the mortgage doesn't take effect until you and we enter into an agreement to make the change and the change takes effect under that agreement.

5.22.2 **Credit requirements**. We'll only make the change if, when the change is to take effect, our usual credit requirements are met. These include requirements for security and documents.

5.22.3 **Requirements of others**. Sometimes the loan may involve another person, for example, the insurer of an insured mortgage. We don't have to agree to the change if, when the change is to take effect, that person's requirements aren't met. If we agree, the change is subject to that person's requirements (including charges).

5.22.4 **Conversion**. We don't have to convert the loan to a kind of term that we're not offering when the change is to take effect.

5.22.5 **Interest and loan**. If we convert the loan to another kind of term and what is owed at the beginning of the new term of the loan includes any interest, the interest will be treated as part of the loan for the new term.

5.22.6 **Effective date**. We'll decide on what date the change is to take effect.

5.22.7 How often you pay a new instalment. Except for a change under section 5.2.1 or 5.2.2, a new instalment after a change will be paid as often as just before a change.

5.22.8 **Payment of instalments after you prepay**. After you prepay part of what is owed under section 5.7, 5.10, 5.15, 5.18 or 5.20, the amount of the instalment doesn't change.

5.22.9 **General terms**. Sections 12.12 and 12.13 apply to an agreement under this section 5.22.

5.23 Added charge.

5.23.1 **How we work out an added charge based on different interest rates.**

5.23.1.1 ***General***. When we base the added charge on different interest rates under section 5.10.2, we work out the added charge using the two interest rates described below. (For this reason, this added charge is also known as the "interest rate differential.") If the first interest rate is more than the second, this added charge is the interest, at a rate equal to the difference between the two interest rates, on the amount that you're prepaying, from when you prepay to the end of the term of the loan. If the second interest rate is more than the first, there's no added charge based on different interest rates, but there will be an added charge of three months' interest (unless it's reduced under section 5.23.2).

5.23.1.2 ***First interest rate***. This is your existing interest rate when you prepay.

5.23.1.3 ***Second interest rate***. We work out the second interest rate as follows:

A We start with our posted interest rate, when you prepay, for a fixed rate closed term that is closest in length to the time remaining in the existing term of the loan.

B Your existing interest rate may reflect a discount. To check this, we start with our posted interest rate for your existing kind of term when we made the advance or first advance. We compare it with your existing interest rate. If the first is more than the second, the difference is the discount.

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C If there's a discount under B, the second interest rate is the interest rate under A less the discount under B.

Sometimes we work out the second interest rate to take into account any discount you received on either an old loan or the existing loan, or any increase to the interest rate of an old loan that you agreed to instead of paying us an added charge. This is so where you've carried terms of a fixed rate closed term loan to the existing loan without having to pay an added charge. It's so even if:

- you re-borrowed or we made a higher loan, for example, under section 5.3 or 5.12;
- the new loan is secured by a property you bought, for example, under section 5.11; or
- you carried the terms more than once.

5.23.2 **Prepayment near the balance due date**. If, within three months before the end of the term of the loan, you prepay all of what is owed, the added charge is the interest on the amount that you're prepaying from when you prepay to the end of the term of the loan.

6. Multi-unit and non-residential property.

6.1 **When this part applies**. This part 6 applies to a mortgage where, when the mortgage is entered into, any one or more of the following conditions is met:

- The property contains, or is to contain, seven or more dwelling units.
- A dwelling unit hasn't been built on the property. However, this paragraph doesn't apply where we intend advances under the mortgage to be used for building a dwelling unit or dwelling units on the property and the person who has the right to receive the advances is to live in it or at least one of them.
- A material part of the property is being used, or is intended for use, for a commercial or industrial purpose.

If we make a record showing whether any of the above applies, our record will be taken as true.

6.2 **Renewal**. Part 4 doesn't apply to the mortgage if this part 6 applies to the mortgage.

6.3 **Features generally**. Except as shown in sections 6.4 and 6.6, part 5 doesn't apply to the mortgage if this part 6 applies to the mortgage.

6.4 **Transfer**. If this part 6 applies to the mortgage, sections 5.5.1 and 5.5.2 apply.

6.5 **Prepaying under a fixed rate closed term**. If this part 6 applies to the mortgage, you have a fixed rate closed term, the term of the loan is longer than five years, and the mortgage wasn't given by a corporation, you can prepay all or part of what is owed at any time after the fifth year of the term of the loan, as follows:

- You must at the same time also pay us an added charge of three months' interest on the amount that you're prepaying.
- You don't have to tell us in advance that you want to prepay.

If this section 6.5 applies to the mortgage and, within three months before the end of the term of the loan, you prepay all of what is owed, the added charge is the interest on the amount that you're prepaying from when you prepay to the end of the term of the loan.

6.6 **Prepaying under a fixed rate open or variable rate term**. If this part 6 applies to the mortgage and you have a fixed rate open term, section 5.7 applies. If this part 6 applies to the mortgage and you have a variable rate open term, section 5.15 applies. If this part 6 applies to the mortgage and you have a variable rate Flexible Below Prime term, section 5.20.3 applies.

6.7 **Default**. If the mortgage is in default, you can't prepay under section 6.5 or 6.6.

7. Our security.

7.1 **You give us security**. Except where you have a leasehold interest in the property, you transfer the property to and to the use of us and our successors; you mortgage and charge the property to us; and you release all your claims on the property to us. We return the property to you when we discharge the security under section 7.8.

7.2 **What's included in the property**. The property includes fixtures on it when or after the mortgage is entered into. Without limiting this, you give us security over the things on the property that are listed below, and you agree that they are fixtures:

- Buildings, equipment, other structures, decks, fences or other improvements.
- A structure that's being used like a building, even if the structure is mobile or designed to be made mobile, or was wholly or partly made before being placed on the property.
- Equipment for heating, ventilating or air-conditioning, for example a furnace or air-conditioner.
- Equipment for supplying electricity, gas, hot or cold water or communications.
- Lighting equipment, including bulbs and tubes.
- Window or door screens; storm doors and windows; and window blinds, shutters and awnings.
- Antennas and similar equipment.
- Fire alarm systems and security systems.
- Driveway and sidewalk paving stones.
- Floor coverings, wall-to-wall carpets and fixed mirrors.
- Built-in appliances such as a stove or dishwasher.
- Where you rent out the property, an appliance usually provided by the landlord to

a tenant in the property, such as a stove or refrigerator (and you must not, without our prior written consent, remove the appliance).

7.3 **Other rights**. You assign all of the following rights to us, whether they exist when or after the mortgage is entered into:

- The rights under every insurance policy covering loss of or damage to the property.
- The rights under every insurance policy covering loss of present or future income, rents or profits from the property.
- A right under a trust or other agreement relating to an insurance policy that covers loss of or damage to any part of the property, or loss of present or future income, rents or profits from the property.
- Every right of yours as landlord under a lease or tenancy of the property or part of it.
- Every right of yours as landlord to rent and other amounts payable under a lease or tenancy of the property or part of it.
- The related rights for the lease or tenancy, including a guarantee or indemnity, a security and a right to insurance.
- A right under a property claim, except a leasehold interest in the property.
- A right to repayment of a property tax.
- A right to have anyone fix a defect in the property or pay any loss you may suffer because of a defect, for example, a warranty on a new home.
- A right to a supply of services or materials for work or relating to work.
- The proceeds of the above rights.

This section 7.3 doesn't authorize you to enter into a lease or tenancy. Nor does it give the tenant priority over our security or create a relationship of landlord and tenant between a tenant and us.

7.4 **Nature of security**. Our security continues until we discharge it under section 7.8. Our security isn't affected by a payment reducing the balance to zero.

7.5 **Registration**. You irrevocably authorize us, and anyone we authorize, to enter into and register for you an electronic document needed to register the mortgage.

7.6 **Our priority**. Our security has priority for what is owed over every interest in the property created in favour of another person after the mortgage was entered into. It has priority even if we advance the amount after the other person's interest in the property was created. It has priority even if an agreement with us for what is owed is entered into after the mortgage was entered into, and even if that agreement isn't registered. Every person acquiring an interest in the property must be taken to accept the terms of this section.

7.7 **Title obligations**.

7.7.1 ***Your ownership***. You promise that you own the property with a good title to it in fee simple free from any property claim or defect and that the title cannot be defeated. You promise that all property taxes that have become due have been paid.

7.7.2 ***Your power to give security***. You promise that you have the right, power and authority to mortgage the property to us.

7.7.3 ***Other promises***. You promise to protect your title to the property. You promise that you haven't done, omitted or permitted anything by which the property is or may be transferred, affected or made subject to a property claim, except for the mortgage. You promise that, if we're entitled under the mortgage to possess or enjoy the property, we'll have quiet possession or enjoyment of it free from property claims.

7.7.4 ***Description***. You promise that the property conforms to every description or plan given to us, and that it includes all buildings and improvements in every description.

7.7.5 ***Property claims we accept***. We accept that our security is subject to a property claim that exists when the mortgage is entered into, but only if we've signed a written consent to our security being subject to it, or it's described in the mortgage.

7.8 **Discharge**. When all of what is owed has been paid on the dates it was due and in accordance with the terms that apply to it, and if you duly comply with all of your obligations under the mortgage, we'll discharge our security and transfer back to you anything included in our security. Or, if we must transfer the benefit of all or part of what is owed and our security to someone else, we'll do so. The law may also give you another right to have us discharge our security called your equity of redemption. You must give us a reasonable time after payment to verify our records and complete the discharge or transfer. We can register the discharge or transfer; otherwise you're responsible for doing so. You must pay our costs for doing what this section 7.8 requires. These include the usual administration fee that we charge at the time and any registration fee we pay.

8. Further terms for a condominium.

8.1 **Definitions**. In this part 8:

- **Condominium law** is a condominium, strata, divided co-ownership or similar law, as amended or replaced.
- A **unit** is property that is a unit, lot or private portion governed by condominium law.
- A **complex** is the property that a unit is a part of.
- The **condominium rules** are the body of rules by which the complex or part of it is governed including, for example, a declaration, bylaw, resolution, regulation, rule or agreement, as amended or replaced.
- The **managing body** is a corporation, legal person, partnership, syndicate, trust,

association or other body holding or managing the complex. It isn't the directors or a manager of the body.

- The **common expenses** are the share of the expenses, levies, reserves or contingency fund, assessments or other payments that condominium law or the condominium rules require you to pay to the managing body.

8.2 **How this part applies**. This part 8 applies where the property is a unit. All of the other terms of the mortgage apply, except where this part 8 says they don't apply.

8.3 **Our security**. Where section 7.1 or part 9 refers to the **property**, it means the unit. Section 7.1 or part 9 also applies to the rights in the complex that, under condominium law or the condominium rules, go along with the unit.

8.4 **Our added security**. You transfer to us the benefit of all your rights relating to the complex (except a right that is a leasehold interest in the property), whether they exist when or after the mortgage is entered into, and you irrevocably appoint us your attorney to exercise them. In particular, we can exercise your right to vote or consent, or to require or call a meeting. You must, if we ask, follow our instructions about how to exercise such a right.

8.5 **Common expenses**. You must pay all the common expenses when they're due. You must give us a receipt or other proof that you've paid them when we ask for it. When we pay a common expense, we can rely on a statement that appears to be issued by the managing body showing the amount of the common expense and the date it's due.

8.6 **Voting**. If we arrange for you to vote, at any time, we can cancel the arrangement. You must give us notice if you're asked to exercise the following rights and you must not exercise them without our consent:

- To vote on anything that requires more than a simple majority of those present at a meeting.
- To give a consent (as distinct from voting).
- To have any right of yours purchased, dealt with or changed.
- To receive assets or a payment from the managing body.

Without our written consent, you must not vote for any action that might reduce the value of your unit, the complex, or our security. You must comply with this section 8.6 even if we wouldn't have been able to exercise your right to vote. None of our rights under the mortgage is impaired because we voted for or consented to anything, or gave you instructions to do so.

8.7 **Insurance**. We have the rights as to insurance under sections 7.3 and 10.1 and where they refer to the **property**, they mean the unit and parts of the complex other than units. However, you don't have to insure parts of the complex where the managing body's insurance covers them and, where it doesn't, your insurance against loss or damage to parts of the complex other than units need only be for your share of the cost of replacing them.

8.8 **Maintaining and replacing the property**. Where you're responsible under the condominium rules for repairing or replacing your unit or a part of the complex, you must keep it in good repair and working order, and (subject to section 10.1.5) restore or replace it where it can't be repaired.

8.9 **Condominium obligations**. You must comply with all of your obligations under condominium law and the condominium rules. You must give us any proof of compliance that we request. You must not do anything that materially increases your obligations under condominium law and the condominium rules. If we ask, you must exercise your rights to have the managing body, or holders of other units, comply with their obligations under condominium law and the condominium rules.

8.10 **Notices and information**. You must give the managing body and others notice of our security in a way that protects our right to vote, our rights in insurance and our other rights. If we ask, you must forward to us a copy of notices, assessments, bylaws, financial statements and the condominium rules that you receive from the managing body. If we ask, you must give us any information or document that you're entitled to obtain from the managing body. You authorize us to obtain any information or document from the managing body.

8.11 **Our costs**. You must pay us our costs of enforcing a right to have the managing body or another owner comply with condominium law or the condominium rules, or of exercising our rights to vote or consent.

8.12 **Immediate payment**. If we choose, all of what is owed (including amounts that haven't become due) must be paid immediately if any of the following things happens:

- The managing body fails to comply with a material obligation under condominium law or the condominium rules.
- A court makes a judgment or order against the managing body.
- The managing body, in our opinion, materially fails to manage the complex in a prudent manner.
- A court appoints an inspector, administrator or similar officer under condominium law.
- The managing body becomes bankrupt.
- Substantial work is started on the complex, or there is a substantial increase in the common expenses or a substantial decrease in the services that the managing body provides, or a step is taken for any of those things.
- There is a material change to any of the condominium rules, or a step is taken for that.
- There is substantial damage to the complex.

- The complex or part of it ceases to be governed by condominium law or the condominium rules, or is sold or expropriated, or the managing body is amalgamated, or the condominium is terminated, or a step is taken for any of those things.

9. Further terms for leasehold property.

9.1 **Where and how this part applies.**

9.1.1 Where you have a leasehold interest in the property, you give us security in the ways set out in this part 9, and we don't have to comply with your obligations under your lease. **Lease** means your lease as it may have been or be amended or replaced.

9.1.2 All terms of the mortgage apply where you have a leasehold interest in the property, except sections 7.1 and 7.7, and except where they say that they don't apply in sections 7.3 and 8.4.

9.2 **Our security over the leasehold interest.**

9.2.1 You give us security over the leasehold interest in the following ways:

9.2.1.1 You mortgage or charge the leasehold interest to us, except where the effect of doing so would be to assign the leasehold interest to us.

9.2.1.2 Where the effect of your mortgaging or charging the leasehold interest to us would be to assign the leasehold interest to us:

- You sublease the property to us for the rest of the term of the lease, except the last day of the term.
- You must hold the leasehold interest in trust for us, and dispose of or deal with the leasehold interest as we choose. At any time, we can appoint anyone as a trustee in your place, and use every power that the law gives to a person who appoints a trustee in order to transfer the leasehold interest to this trustee.

9.2.2 Where part 11 refers to anything covered by our security, it includes the leasehold interest. For example, if the mortgage goes into default, we can sell, dispose of or become the holder of the leasehold interest or the sublease under section 9.2.1.2. We can do whatever is needed under this part 9 to give effect to this.

9.3 **Our security over other rights.** You transfer to us every right of the tenant under the lease other than the leasehold interest. For example, you transfer to us the benefit of any option to renew the lease or any option to purchase the property.

9.4 **Title obligations.**

9.4.1 ***The leasehold interest.*** You give us the following promises:

- You hold the leasehold interest with a good leasehold title free from any property claim or defect and the title cannot be defeated
- You are absolutely entitled to every other right of the tenant under the lease free from any property claim or defect.
- All property taxes that have become due have been paid.
- The lease conforms to every description given to us and hasn't been changed.
- The person that created the lease had a good title to the property, free from property claims and defects.
- The lease is good, valid and in force.
- Your obligations under the lease have been complied with.

9.4.2 ***Your power to give security.*** You promise that you have the right, power and authority (including any required approval or consent) to give us security over the leasehold interest, and over every other right of the tenant under the lease, in the ways shown in this part 9.

9.4.3 ***Other promises.*** You promise to protect your title to the leasehold interest and every other right of the tenant under the lease. You promise that you haven't done, omitted or permitted anything by which they are or may be transferred, affected or made subject to a property claim, except for the mortgage. You promise that, while we're entitled under the mortgage to possess or enjoy the property, we'll have quiet possession or enjoyment of it free from property claims.

9.4.4 ***Description.*** You promise that the property conforms to every description or plan given to us, and that it includes all buildings and improvements in every description.

9.4.5 ***Property claims we accept.*** We accept that our security is subject to the lease, and we accept that our security is subject to a property claim, only if we've signed a written consent to our security being subject to it or it's described in the mortgage.

9.5 **Responsibilities for the lease.**

9.5.1 You must pay every amount payable by the tenant under the lease when it's due, and comply with every other obligation of the tenant under the lease. You agree that nothing will be done or omitted under the lease that might impair the leasehold interest or our security. You must do what this section 9.5.1 requires, even where the landlord hasn't enforced a right. For example, you must pay rent on time, even if the landlord has given you extra time to pay.

9.5.2 Without our written consent, you must not do any of the following:

- Terminate or agree to terminate the lease.

- Agree to change a term of the lease.
- Do anything that gives the leasehold interest to the landlord, or frees the property from the lease. For example, you must not surrender the lease to your landlord.

9.6 **Renewal or extension**. Where you have a right to renew or extend the lease, you must exercise the right and do everything needed to obtain the new lease or extension, and you must satisfy us before the right expires that you will do so. If you receive a new lease of the property or part of it (under a right or not), you must give us security over the new lease. If you extend the lease and we have a sublease under section 9.2.1.2, our sublease is extended for the rest of the extended term of the lease, except the last day of that term.

9.7 **Landlord's interest**. Where you become the holder of the landlord's interest under the lease as well as your leasehold interest, your leasehold interest continues to exist.

9.8 **Power of attorney to us**. You irrevocably appoint us as your attorney to do for you everything that this part 9 requires you to do.

10. Other responsibilities.

10.1 **Insurance**.

10.1.1 ***Main insurance***.

- ***All risks***. You must keep every building and every other improvement on the property, including property in which you have a leasehold interest, insured against loss or damage by the risks usually covered by an "all risks" policy with standard extended coverage, including fire, lightning and tempest. Your policy must at least be for the cost of replacing all of the building or improvement with a similar one. It must also be for enough to prevent the insurer from reducing the proceeds under a "co-insurance" clause. The policy must contain a standard mortgage clause saying that the proceeds of any loss are payable to us.
- ***Usual insurance***. You must also carry the insurance for all of the property that a careful owner would usually carry when insuring a similar property and using it in a similar way and place.

10.1.2 ***Other kinds of insurance***.

- ***Boiler, machinery, builders' risks etc*** Where a risk caused by anything (for example, a boiler, machinery, a sprinkler system or plate glass) or an activity (for example, building work) on the property isn't covered by the "all risks" policy, you must insure the property against losses usually covered by a policy on that risk.
- ***Rents etc***. Where the property is leased to others, your insurance must cover your loss of rents and payments by tenants towards costs for at least a year.
- ***Public liability***. You must also insure against general public liability.
- ***Other***. You must also carry insurance against any risk relating to the property that we ask you to carry.

10.1.3 ***Other requirements***. All insurance under the mortgage must be with a reputable insurer. If we ask, the insurer, amount and terms must be accepted by us. The policy must provide for us to receive at least 15 days' notice before the policy is not renewed, is cancelled or is materially changed.

10.1.4 ***Your other obligations***. You must promptly pay the premiums for all insurance required under the mortgage. You must comply with all of your obligations under each policy. You must comply with all of the terms relating to your right to collect under each policy. You must ensure that we receive a certified copy of each policy and every amendment to it. When a policy nears expiry, you must ensure that we receive proof that it has been renewed or replaced at least 15 days before its expiry. When a policy is to be cancelled, you must ensure that we receive proof that it has been replaced at least 5 days before it's cancelled. If we ask, you must provide us with a receipt for the premium and other proof that you're complying with your obligations under each policy.

10.1.5 ***Claims***. If any of the property that is insured is lost or damaged, you must immediately notify us, make a claim in accordance with the insurance policy, and ensure that the proceeds are paid to us. Despite the loss or damage, you remain liable under your obligations to us. For example, you must pay in accordance with the terms that apply to what is owed. Without our written consent, you must not restore or replace property that has been lost or damaged.

10.1.6 ***Proceeds***. We can choose to have proceeds of insurance against loss of or damage to property (including insurance for loss of income) applied in any of the following ways:

- To reduce or pay what is owed (even, if we choose, amounts that may not then have become due).
- To restore or replace the property.
- To be paid to you (or anyone else who has a right to them).

We can choose to have proceeds applied partly in one of the above ways and partly in another. This section doesn't impair our right to hold proceeds and use them to pay instalments as they become due.

10.1.7 ***Our right to insure***. If you don't comply with any of your obligations under this section 10.1, we can arrange any insurance that we choose in order to protect our security.

10.2 Property taxes.

10.2.1 ***Generally***. Except where we pay property taxes under section 10.2.2, you must pay all property taxes when they're due. We can choose not to collect regular payments of property taxes under section 10.2.2. When we choose not to collect regular payments, we can later choose to collect them.

10.2.2 ***Your paying property taxes by regular payments***.

10.2.2.1 ***Taxes due before the interest adjustment date***. When we make the loan, you must pay unpaid property taxes that are then due, or that will become due on or before the interest adjustment date. We can use part of the loan to pay those taxes.

10.2.2.2 ***General rules for regular payments of taxes***. After the interest adjustment date, if we ask, you must pay us regular payments of property taxes. We'll estimate the amount we want to hold to pay the property taxes (but it won't be more than we'll need to pay the taxing authority over its next financial year). You must pay the estimate by equal regular payments on the dates on which the instalments are payable. We can choose to fix the regular payments once a year even if we pay the taxes more often. If the actual property taxes are more than our estimate, you must also pay the difference to us, or we can choose to increase the regular payment of property taxes to cover it.

10.2.2.3 ***Property tax account***. We deposit the regular payments of property taxes in a separate property tax account. We'll pay property taxes even if we have to overdraw this account. While this account is overdrawn, you must pay us interest on the overdraft at the interest rate for the loan. At any time, you may pay off the overdraft. Our security secures the overdraft and the interest. We don't hold regular payments of property taxes in trust.

10.2.2.4 ***Our paying the property taxes***. We'll use the regular payments of property taxes to pay the property taxes. If we collect regular payments for one kind of property tax (and not another), we'll use the regular payments only to pay that kind of property tax. If the mortgage goes into default, we can use any amount in the property tax account to reduce whatever part of what is owed we choose. We can do so even where we were to have paid property taxes, but haven't then actually paid them.

10.2.2.5 ***Property tax information***. You must send us all assessments, bills and other notices about the property taxes as soon as you receive them. If we ask, you must have the body to which the taxes are payable send them to us.

10.3 Property claims.

10.3.1 Unless we give our written consent, you must not create or attempt to create a property claim that is prior to our security or has the same priority as our security, and you must keep the property free from such a property claim.

10.3.2 You must pay every amount payable by you, when it's due, under a property claim that is prior to our security or has the same priority as our security. You must comply with every other obligation of yours under that claim. Where section 10.3.1 requires it, you must also get our written consent to the claim. You agree that you will not do, omit to do or permit anything that might lower the value of the property or impair our security, and you will not agree to do, omit to do or permit those things.

10.4 **Repairing and replacing the property**. You must put and keep every part of the property in good repair and working order, and (subject to section 10.1.5) you must restore or replace it where it can't be repaired.

10.5 **Alterations or additions**. Without our written consent, you must not do any of the following things (even if they were proposed or in progress when the mortgage was entered into):

- Make or permit a structural alteration to any part of the property.
- Make or permit a material alteration or addition to any part of the property.
- Remove any machinery or equipment that serves a building on the property.
- Demolish a material part of a building on the property.
- Do or permit anyone else to do anything that lowers the value of the property.

10.6 **Work**. Where you do work, you must comply with the following obligations:

- You must choose, design and do the work with materials and in a way that ensures a high quality result, and with proper skill and care.
- You must conform to any plan or other description that we may have approved.
- You must do the work with reasonable speed until it's completed, and you must not abandon it. We can treat you as having abandoned it if no work is done for ten days.

Where section 10.5 requires it, you must also get our written consent to the work.

10.7 **Laws about property claims for work**. You must comply with laws that give property claims to those who do work (for example, a construction, renovation, builder's or mechanic's lien or claim). If a property claim for work is registered against the property, if we ask, you must immediately have it removed, by court order if necessary.

10.8 **Use of the property**. Without our written consent, you must not make a major change in the use of the property, abandon the property or leave the property unoccupied or unused.

10.9 **Legal requirements, including environmental**. You must ensure that the property, the use of the property, and any business or activity that uses the property, comply with every law. Here law includes a governmental action, such as an order, notice or approval. You must do any work and make any change in use needed for this purpose. For example, the property must comply with the building code; your use of it must comply with environmental laws; and if you rent it, the rent must be legal. You must not put or allow anyone else to put anything in or on any part of the property that causes or is likely to cause harm to the life or health of a human being.

10.10 **Our rights to inspect, test and obtain information**. We can, at any time and for any purpose, before or after the mortgage goes into default, do the following:

- Enter the property and inspect it.
- Make an appraisal or valuation of it.
- Take samples from it and conduct environmental testing of it.
- Monitor any activity on it.

We can authorize anyone to do these things for us. Where a person has done any of the things for you, you consent to the person doing them for us or giving us any information. You must give us, and anyone we authorize, any information about the property that you have or can reasonably obtain and that we request. If we ask, you must let us see and copy any records for the property. You must pay us our costs for exercising our powers under this section 10.10. For an insured mortgage, the insurer also has the rights given to us under this section 10.10.

11. Default.

11.1 **When the mortgage goes into default**. If any of the events listed below occurs, the mortgage goes into default. It does so even if the cause of the event is outside anyone's control. If there is more than one of you, it does so even if the event applies only to one of you. The events are:

11.1.1 A payment of what is owed or any part of what is owed (including an instalment) isn't made when it's due. This applies whether the payment is due on a fixed date or on demand.

11.1.2 Any obligation to us under the mortgage isn't complied with.

11.1.3 Any promise made to us for the mortgage is broken or any information given to us for the mortgage isn't materially true or correct, whether or not you knew it was untrue or incorrect.

11.1.4 A government acquires all or part of the property, or anyone else does so under a statutory power.

11.2 **Immediate payment**. If the mortgage goes into default, all of what is owed (including amounts that haven't become due) must, if we choose, be paid immediately.

11.3 **Action to collect**. If the mortgage goes into default, we can take legal action to collect what is owed. If we get a judgment against you, we can have other assets of yours used to pay what is owed.

11.4 **Possession**. If the mortgage goes into default, we can take possession of anything covered by our security.

11.5 **Collecting income**. If the mortgage goes into default, we can collect rents or income from anything covered by our security.

11.6 **Leases**. If the mortgage goes into default, we can give a lease of the property, or we can terminate a lease, accept a surrender of a lease or agree to amend a lease.

11.7 **Sale**. If the mortgage goes into default, we can sell or dispose of anything covered by our security without going to court. We can also ask a court to order a sale of the thing. If the property is sold and what we receive falls short of what is owed, we can still collect the shortfall from you.

11.8 **Division**. If the mortgage goes into default and any person other than you also has an interest in anything covered by our security, we can agree with that person to acquire their interest or to divide the thing between the persons who have interests in it. We can pay or receive an amount for this purpose.

11.9 **Exercising your powers**. If the mortgage goes into default, we can exercise all the powers of an owner of anything covered by our security, and you're bound by our actions. These powers include the following:

- Managing and operating the property.
- Doing or completing work.
- Taking legal proceedings relating to the property.

11.10 **Becoming the holder of your interest**.

11.10.1 If the mortgage goes into default, we can become the owner of anything covered by our security, free from any right of yours. We have the power even though the mortgage gives us the power to sell the thing.

11.10.2 We become the holder of your interest by foreclosing, that is, by taking a proceeding to cancel your right to discharge our security by paying off what is owed. We have the right to foreclose in the same way as if you had transferred the property to us subject to section 7.8.

11.11 **Carrying out obligations**. If the mortgage goes into default, we can do any of the following:

- We can do what's needed to comply with an obligation under the mortgage with which you've failed to comply and we can enter the property for this purpose. For example, we can pay unpaid property taxes, pay utility charges, repair the property and complete work. If we enter into an agreement, we can do so in your name or our name.

- If your obligation under the mortgage is to comply with an obligation to another person, and the other person claims that you haven't complied, we can do what we choose to comply as if this claim is valid and even if you dispute it.
- We can pay (or prepay) an amount under a property claim if it has priority over our security, or has the same priority. When we prepay, we can compensate the holder of the property claim, and settle with the holder the amount to be paid. If we pay the amount under a property claim, we not only have the rights given to us by the mortgage, but we also have the rights (including security) of the holder of the property claim, and we can obtain an assignment of these rights.

11.12 **Things left on the property**. If the mortgage goes into default and if there is anything on the property over which we don't have security under the mortgage, you must pay any costs we incur for handling or storing it. We can remove it from the property, or we can sell it.

11.13 **Our exercising a power**. When we exercise a power of ours under the mortgage, the following terms apply:

11.13.1 We can exercise the power over all or part of anything covered by our security or over any interest in all or part of anything covered by our security. For example, we can sell a fixture separately from the property and give the buyer the right to remove it. If we exercise the power over part of anything covered by our security or over less than all of your interest, the rest continues to be subject to our security for what is owed and unpaid, and we can exercise the power over the rest when we choose.

11.13.2 We can exercise the power to recover part of what is owed. If we do, our security continues for the rest of what is owed, and we can exercise a power for the rest when we choose. For example, we can lease to recover only arrears of what is owed, and later sell to recover the rest.

11.13.3 We can exercise the power in any way and do anything relating to the power. For example we can exercise the power:

- Without your consent or cooperation.
- By breaking locks and bolts.
- Where we haven't taken possession of the property.
- By having others do things for us.
- By acquiring things, for example, materials or equipment to complete work.
- By entering into a sale, lease or other transaction on any terms, for example, by private agreement, by public auction or by public tender, and for cash or on credit. Selling on credit includes, for example, where we transfer the property and take security for the unpaid price. If we sell on credit, we needn't account for the proceeds until we receive them.
- At an auction, by setting a reserve price or buying in, and re-selling.
- By entering into an agreement to enter into the transaction, bringing an agreement to an end, entering into a new agreement or amending an agreement.

We can exercise the power whenever we wish. For example, we don't have to delay selling until market conditions improve.

11.13.4 We can transfer or deal in any other way with every interest in anything covered by our security that you had the power to dispose of or deal with. You irrevocably appoint us as your attorney to do anything we decide is needed or desirable to exercise a power at any time under this part 11.

11.14 **Other terms relating to our powers**.

11.14.1 ***Legal powers***. Where a power that the mortgage gives us goes beyond what is permitted by a law that applies despite what you and we have agreed to, we have the power as far as that law permits, or the power is subject to our complying with that law. Subject to such a law, we can exercise any power under the mortgage without giving any notice or taking any other step.

11.14.2 ***Our rights***. Our rights under the mortgage or this part 11 aren't exhaustive. We have the rights given to us by the mortgage, any other agreement, or the law. We can exercise those rights at any time, at the same time, in any order and as often as we choose.

11.14.3 ***Use of proceeds***. We'll use proceeds we receive from enforcing the mortgage first to pay or reduce costs under section 2.8. We can then use them to pay any part of the rest of what is owed and secured in whatever way we decide.

11.14.4 ***Effect of our obtaining a judgment***. If we obtain a court judgment, it doesn't supersede or impair any right of ours under the mortgage. We continue to be entitled to interest on what is owed, calculated and payable under the terms of the mortgage.

11.15 **Protection of persons who deal with us**. When we sell, give a lease, collect income, exercise a right, or do anything else under the mortgage, the following terms apply:

11.15.1 A person dealing with us and any person taking title through that person can assume without inquiry that the transaction is legal, that the mortgage has gone into default (if our power depends on that), and that we're using the power properly. The person isn't affected by any fact to the contrary, even if the person actually knows of that fact. The person can pay an amount to us without being concerned about what we do with it.

11.15.2 In addition, a statutory declaration by an officer or employee of ours or a certificate by us as to any fact is conclusive evidence in favour of every person referred to above.

11.15.3 You must not make any claim against a person who deals with us, or anyone taking title through that person, because the transaction doesn't conform to other terms of the mortgage. If you do have a claim for anything done by us, it's restricted to a claim for compensation against us, and is subject to section 12.9.

12. Other terms.

12.1 **Effect of the mortgage**. Our preparing or accepting the mortgage doesn't put us under an obligation to lend; our lending under the mortgage doesn't put us under an obligation to lend more; and neither adds to any obligation we may have. The mortgage and our security take effect when the mortgage is entered into, even if we don't make an advance at that time, and even if we don't comply with an obligation to make an advance.

12.2 **Effect of the law or another transaction, including a commitment letter**. The mortgage adds to any other right of ours. Nothing in the mortgage takes away or reduces any other right of ours under any law or other transaction. Nothing in any other transaction between you and us takes away or reduces our rights under the mortgage. If there is a conflict between the mortgage and another transaction, it must be resolved to give us the better rights. Subject to the above, the terms of a commitment or other agreement for what is owed continue in force.

12.3 **Effect of your selling or dealing with the property**. Subject to section 5.5.3, if you sell or deal in any other way with the property or part of it, that doesn't change a liability of yours under the mortgage, and our rights against you or anyone else or the property aren't impaired. Nothing that we do in connection with a sale or dealing impairs our rights. This includes our approving an assumption, having a person who receives the transfer agree with us to comply with the mortgage, or having a person give us a guarantee.

12.4 **Effect of a subdivision of the property**. If any of the property is divided into a lot, condominium unit or other part, every part of the property secures all of what is owed. This applies whether the division exists when the mortgage is entered into, or takes place after then. What is owed can't be split among parts of the property. You don't have a right to a discharge of a part of the property in return for paying part of what is owed.

12.5 **Effect of dealings**. A dealing by us or failure by us to deal with anyone or with any right or security doesn't release or impair a right of ours. This is so even though you may not know of or consent to the dealing, whatever are the terms on which we act, and even if we receive nothing in return. For example, subject to section 5.5.3, if we renew the loan with a new owner after a transfer of the property, that doesn't change a liability of yours under the mortgage.

12.6 **Effect of our delay or of our waiving rights**. If we delay enforcing a right of ours under the mortgage or any other agreement, if we waive a right, or if we don't exercise the right, we don't lose or impair that right or any other right. If we waive a breach of any obligation of yours under the mortgage or any other agreement, we don't lose a right of ours for a continuing, other or future breach of that obligation or any other right.

12.7 **Your liability**. Where more than one of you is liable for an obligation under the mortgage, both or all of you are jointly and severally liable (which means you're liable individually and together).

12.8 **Invalid or unenforceable terms**. If any of the terms of the mortgage is or becomes invalid or unenforceable, that doesn't make the mortgage or other terms invalid or unenforceable.

12.9 **Our protection**.

12.9.1 Even if our security gives us the benefit of a right of yours, we aren't bound to exercise that right, to comply with an obligation as to it or to protect your right. If we are or become liable under our security for an obligation of yours to anyone else, you must pay any loss we suffer caused by a claim against us. Our security doesn't relieve you from your obligations. Where we exercise a right over something covered by our security, without taking possession of the thing, we aren't in possession of that thing. The right or exercise doesn't mean that we have an obligation to you or anyone else based on possession, management or control of anything covered by our security. We need only account for amounts we actually receive under the right.

12.9.2 Nothing we do relating to the mortgage puts us under a duty of care towards you. You should not rely, for example, on our making the loan as showing the value of the property, on our requiring insurance as showing that it's appropriate, or on an inspection as showing that the property is without defect.

12.9.3 We aren't liable for loss caused by our enforcing the mortgage or exercising a right under the mortgage, unless the loss was caused by our wilful neglect or default. If we become liable to anyone else through our enforcing the mortgage or exercising a right under the mortgage, you must pay any loss we suffer caused by a claim against us, unless the loss was caused by our wilful neglect or default.

12.10 **Notices or other communications**.

12.10.1 ***How we can give a notice or communication***. Where the mortgage requires or allows us to give a notice to, or to communicate in any other way with, any person (including you), we can give the notice or communicate in any of the following ways, as we choose:

- We can mail it by prepaid mail addressed to the person at the person's mailing address shown in our records, by ordinary, registered or other mail.
- We can leave it at the person's address shown in our records, or on any part of the property, with an adult person there or in a place where it should reasonably be seen.
- We can advertise it in a newspaper published or generally read in the area where any part of the property is situated.
- We can provide it in an electronic form (including fax) to any person. You and every other party to the mortgage consent to our providing it in this way.

12.10.2 ***When received***.

- A notice or communication mailed as set out above is regarded as received on the third business day after it was mailed, whether the person actually receives it or not.
- A notice or communication left or advertised as set out above is regarded as received when it's so left or published.
- A notice or communication sent by electronic form (including fax) on a business day and before 3 p.m. in the place from which it's sent is regarded as received on that day. After 3 p.m., it's regarded as received on the next business day after it was sent.

A business day is any day other than a Saturday, Sunday or public holiday in the jurisdiction in which the property is located.

12.10.3 ***Addressee***. A notice or communication is valid even though it isn't addressed to anyone by name or description. It's also valid even though the person affected by it isn't known, hasn't been identified or is under a disability.

12.10.4 ***Who is entitled to a notice or communication***. Where the mortgage requires or allows us to give a notice to you or communicate with you in any other way, the notice or communication is valid if we give or make it to a person then shown by our records to be an owner of the property or of the interest in the property that's covered by our security. Where there is more than one owner, the notice or communication is valid if we give or make it to either or any of them.

12.11 **We can transfer the mortgage**. The mortgage binds and benefits a successor or assignee of ours. We can transfer what is owed and our security. The transfer doesn't impair an obligation to pay what is owed or our security.

12.12 **Changes to the mortgage**.

12.12.1 ***Terms of a later agreement***. When you and we agree to make a change to the mortgage, this section 12.12 and section 12.13 apply to that agreement. We can choose to have the agreement not take effect until you've complied with this section 12.12.

12.12.1.1 ***Information***. You must give us the information we need to decide on the change.

12.12.1.2 ***Security***. We must be satisfied that our security covers the change. If we ask, the agreement making the change must be registered. If anyone else has acquired a right in the property and we ask, you must have the right postponed to our security.

12.12.1.3 ***Costs***. You must also pay us our costs for the change, including the usual administration fee that we charge at the time (see section 2.8).

12.12.2 ***Effect of a later agreement***.

12.12.2.1 An agreement changing the mortgage doesn't pay off the loan or make the loan into a new loan, but merely changes the terms of the mortgage (and there's no novation). The changes become part of the mortgage. For example, the loan continues even if it has a different kind of term. Except where the agreement provides otherwise, the terms of the mortgage continue and apply to the loan as changed, and all security secures the loan as changed. If interest that's owing is treated as part of the loan under the agreement, that doesn't impair our priority. The agreement adds to our rights and doesn't take away or lessen a right that we have and we reserve those rights.

12.12.2.2 Where the agreement extends the term of the loan, it changes the date of the mortgage to the effective date of the agreement. This means that, if section 10 of the Canada *Interest Act* or a similar law gives you a right to prepay with an added charge of three months' interest, you don't have that right until five years after the new date. Section 10 of the Canada *Interest Act* and similar laws don't apply to a mortgage given by a corporation.

12.13 **Informal agreement or consent and electronic information, documents or disclosure**.

12.13.1 In this section 12.13, an informal agreement or consent is one that isn't on paper and signed, for example, one that's made or given orally; through pressing phone keys; in an electronic way (for example, by e-mail); or by a person acting on the agreement. In this section 12.13, "electronic" includes created, recorded, transmitted or stored in digital form or in other intangible form by electronic, magnetic or optical means, or by any other similar means that can create, record, transmit or store.

12.13.2 You agree that we can act on an informal agreement between you, us, a spouse, a guarantor or anyone having rights similar to those of a spouse, or on a consent by you, a guarantor, a spouse or anyone having rights similar to those of a spouse and, if we do, you and we are bound by it. We don't have to enter into an informal agreement or act on an informal consent. If we enter into an informal agreement, we can confirm the identity of a person agreeing and we don't have to act on the agreement until we've done so. You consent to our using, providing or accepting information or a document in an electronic form. We don't have to use, provide or accept information or a document in an electronic form.

12.13.3 We can make a record of an informal agreement or consent (for example, by recording a phone call) and we can use the record to prove the informal agreement or consent. We can make a record of information or a document that we use, provide or accept in an electronic form (for example, by saving it electronically) and we can use the record to prove the information or document.

12.13.4 Where we act on an informal agreement or consent, we can send a written confirming agreement or consent to you, and you must have it promptly signed and returned to us. We can terminate an informal agreement, if we think that it wasn't made with a person who should have been a party, wasn't consented to by a person who should have consented or isn't clear.

12.13.5 You consent to any future disclosure being provided by electronic means in an electronic form that you can retrieve and retain, or by fax.

12.14 **Power of attorney**. Where under the mortgage you give us a power to do something, you irrevocably appoint us as your attorney to do the thing. Where under the mortgage you appoint us as your attorney to do something, you also irrevocably appoint anyone we authorize as your attorney for the same purpose.

12.15 **Further actions**. When we ask, you must complete documents, or take other actions, that we think are necessary or desirable to carry out the mortgage and its intent, and you must pay your and our costs for that. When you are to give us security, you must do so in the same way as the mortgage gives us security.

12.16 **Law**. The mortgage is governed by the law of the jurisdiction in which the property is located, including the federal law in force in that jurisdiction.

12.17 **National Housing Act**. If the mortgage is an insured mortgage under the Canada *National Housing Act*, the mortgage is made pursuant to that Act.

13. Guarantee.

13.1 **Definitions**. This part 13 is addressed to the person (or each person) who agrees to this document as a guarantor, and refers to that person as you and to a person who is to pay the guaranteed amounts as the **borrower**.

13.2 **Your guarantee**. You unconditionally guarantee to us that all of what is owed, being all of the amounts listed in section 2.1, will be paid, and you guarantee that all of the other obligations of the borrower (or every borrower, if there is more than one) under the mortgage will be complied with. You agree that if any amount in section 2.1 isn't paid, you will pay it. Your guarantee continues even if the borrower becomes bankrupt or insolvent, or is discharged in a bankruptcy or other proceeding. A limit on the amount secured by the security doesn't limit your guarantee.

13.3 **Your liability**. Your guarantee also makes you liable as if you were the borrower. This section 13.3 doesn't impair our other rights under this part 13.

13.4 **Defects in borrower's obligations**. If we act on the basis that an obligation that you've guaranteed exists and anything causes it not to exist, this part applies as if the obligation had existed. This applies to the following, for example:

- A borrower lacks power to enter into an obligation, doesn't have authority to exercise a power or doesn't exercise the power properly.
- Anyone purporting to act on behalf of a borrower lacks authority or is fraudulent.

This section 13.4 applies even if we didn't inquire about these things or we were negligent, but it doesn't apply if we actually knew the obligation did not exist.

13.5 **Effect of dealings**. A dealing by us or failure by us to deal with a borrower or anyone else, or with any right or security, doesn't release you or impair your liability. This is so even if you don't know of or consent to the dealing, however we act, and even if we're unwilling to act, we receive nothing in return, we don't take care, or we're at fault in any other way. If the dealing changes or replaces what is owed, your guarantee applies to the changed obligation or replacement. Some examples are:

- We give more time to comply with what you guarantee, or we give any other waiver.
- We agree to change or replace what is owed.
- We release any person from a liability, even if the person is another guarantor with whom you were jointly and severally liable.
- We release a security, or all or part of the property from the mortgage or other security.
- We don't have, protect or take the benefit of a right against anyone, or under a security.
- We accept a part payment or any other settlement of what you guarantee.

- We agree to change a security, or an obligation of another person
- We renew the loan, even if other terms are changed (for example, the interest rate is increased or the amortization period is lowered).
- Subject to section 5.5.3, we approve a new owner of the property or deal with a new owner after a transfer of the property (for example, we renew the loan).
- We take other rights such as security or a guarantee.
- If a borrower is a corporation and the corporation is changed or amalgamated, your guarantee covers what is owed by the changed or amalgamated corporation.

Our rights against you aren't impaired if the borrower sells or deals in any other way with the property or part of it.

13.6 **Enforcing the guarantee**. Until we've received all of what is owed, you don't have a right to be subrogated to any of our rights, that is, you cannot take the benefit of any of our rights. We can enforce your guarantee before we enforce our rights against the borrower or anyone else, or under any security. You must pay us our costs for enforcing the guarantee.

13.7 **Other terms**. You agree to the following terms.

- Your guarantee continues until we release you from it in writing.
- Where more than one person has a liability under this part 13, both or all of them are jointly and severally liable (which means that they're liable individually and together).
- You agree to the terms of section 12.13 as if you were the borrower.
- No information or promise that we may have given to you affects your liability under your guarantee.
- Your guarantee adds to any other guarantee or security we may have or receive.
- Although you agree to this document as a guarantor, your guarantee is a separate agreement between you and us; it's not part of the agreement between the borrower and us.
- Your guarantee binds an heir, executor, administrator or similar representative of yours and a successor of yours. Your guarantee benefits a successor or assignee of ours, even if you weren't told about the successor or assignee.
- You agree that we would not have entered into the mortgage without the guarantee.

Dated the 17th day of May, 2006

BANK OF MONTREAL

By:

Cid Palacio
Vice-President
Product & Policy Management
Personal and Commercial Client Group

3015

Sharon Sandall
Senior Assistant Secretary

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200621 Cote

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Filing Date May 30th 2006 Date de Dépôt
Page 1 of/de 15 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

SET OF STANDARD CHARGE TERMS

Filed by the Grand River Credit Union Limited

The following set of standard charge terms shall be deemed to be included in every Charge in which the set is charged to by its filing number, as provided for in section 9 of the *Land Registration Reform Act*, R.S.O. 1990, c L4 as amended(hereinafter referred to as the "Act").

The Chargor and the Chargee for themselves and their respective heirs, executors, administrators, successors, assigns and insurers, hereby covenant and agree that:

DEFINITIONS:

1. In this set of Standard Charge Terms:

    (a) "Charge" means that charge/mortgage of the Lands between the Chargor and the Chargee on Form 2 and all schedules thereto pursuant to the *Land Registration Reform Act*, R.S.O. 1990, cL4 and any amendments thereto, and which charge is deemed to include these standard charge terms pursuant to Section 9(1) of the said Act.

    (b) "Chargee" means the Grand River Credit Union Limited.

    (c) "Chargor" means the Chargor described in the Charge.

    (d) "Interest" means interest at the rate specified in the Charge on the Principal and such other amounts as provided in the Charge, before as well as after maturity and both before and after default and judgment.

    (e) "Lands" means the lands and premises describes in the Charge and includes without limitation all buildings and improvements located thereon.

    (f) "Principal" means the principal amount in lawful money of Canada set out in the Charge that is from time to time advanced and outstanding under the Charge plus any other amounts which are payable pursuant to the Charge.

CHARGE

2. The Chargor charges the Lands for the purpose of securing payment of the Principal and Interest and all other monies secured by the Charge and the doing, observing, fulfilling, or keeping of all of the obligations, provisions, covenants, agreement and stipulations contained in the Charge.

APPLICATION OF PAYMENTS

3. If the Charge is repayable by blended instalments of Principal and Interest, the instalments payable under the Charge, each when received, are to be applied firstly to Interest calculated as provided in the Charge on the Principal, and the balance, if any, of the said monthly instalments shall be applied on account of and in reductions of the Principal; except however in the case of default by the Chargor, the Chargee may then apply any payments received during the period of default in whatever order it may elect as between Principal, taxes, Interest repairs, insurance premiums or other advances made on behalf of the Chargor.

On receiving a payment from the Chargor on any date or dates other than the dates called for in the Charge, the Chargee may calculate Interest on a daily basis on the unpaid Principal remaining and outstanding on the last previous payment date called for in the Charge, and it shall then apply said payment received first in payment of Interest so calculated to be due, and the balance, if any, shall be applied on account of and in reduction of the Principal.

INTEREST AFTER DEFAULT

4. On default in the payment of any sum to become due for Interest at any time provided for payment thereof in the Charge, compounded Interest shall be payable and the sum in arrears for Interest from time to time, before as well as after maturity, shall bear interest at the rate provided for in the Charge. In case the Interest and compound Interest are not paid within the interest calculation period provided in the Charge from the time of default a rest shall be made, and compound Interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such Interest and compound Interest shall be a charge upon the Lands.

STATUTORY COVENANTS EXCLUDED

5. The implied covenants deemed to be included in a charge under subsections 7(1) of the Act, and shown as paragraphs 1 and 2 of the said subsection 7(1) shall be and are hereby expressly excluded from the terms of the Charge.

COVENANTS IN LIEU OF STATUTORY COVENANTS

6. (i) To Pay and Observe Covenants:

The Chargor shall pay or cause to be paid to the Chargee, its successors, or assigns, without deductions or abatement the Principal secured by the Charge with Interest as set out in the Charge at the times and in the manner therein limited for payment thereof, and shall do, observe, perform, fulfill and keep all the obligations, provisions, covenants, agreements and stipulations contained in the Charge.

If this Charge contains an interest adjustment date, the Chargor shall pay, on such date, Interest at the rate set forth in the Charge on all money advanced by the Chargee to the Chargor under the Charge prior to such interest adjustment date from the respective date of each such advance to the interest adjustment date.

(ii) Right to Charge:

The Chargor has good title and full power and lawful and absolute authority to charge the Lands with their appurtenances unto the Chargee, in the manner set out in the Charge.

(iii) Quiet Possession:

On a default of this Charge including default in the payment of the Principal or the Interest thereon or any part of such Principal or Interest, or in the doing, observing, performing, fulfilling, or keeping of one or more of the obligations, provisions, covenants, agreements, or stipulations contained in the Charge, then and in every such case it shall and may be lawful to and for the said Chargee to peaceable and quietly enter into, have, hold, use, occupy, possess and enjoy the Lands hereby charges free and clear and freely and clearly acquitted, exonerated and discharged of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions, and recognizance, and of and from all manner of other charges or encumbrances whatsoever without the let, suit, hindrance, interruption or denial of the Chargor or any other person or persons whatsoever.

(iv) Further Assurances:

On a default of this Charge including default in the payment of the Principal and Interest or in the doing, observing, performing, fulfilling or keeping of some one or more of the obligations, provisions, covenants, agreements or stipulations contained in the Charge, then and in every such case the Chargor and all and every other person whosoever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in to or out of the Lands shall, from time to time, and at all times thereafter, at the proper costs and charges of the Chargor make, do, suffer and execute, or cause or procure to be made, done, suffered and executed, all and every such further and other reasonable act or acts, deed or deeds, devises, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the Lands unto the Chargee as by the Chargee or his solicitors shall or may be lawfully and reasonable devised, advised or required.

(v) Prior Encumbrances:

(a) The Chargor has not at any time heretofore made, done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands or any part or parcel thereof, are, is or shall or may be in any way impeached, charged, affected, or encumbered in title, estate or otherwise howsoever, save and except for such prior charges to which the Chargee expressly consents to in writing; and that the Lands are free and clear and freely and clearly acquitted, exonerated and discharged of and from all arrears of taxes and assessments whatsoever due or payable upon or in respect thereof, and of and from all former conveyances, other charges, rights, annuities, debts, executions recognizance and encumbrances whatsoever.

(b) The Chargor will well and truly pay all monies now or hereafter due and owing pursuant to any encumbrance, lien or charge upon the Lands having priority over this Charge, and shall do, observe, perform, fulfill and keep all of the obligations, provisions, covenants, agreements and stipulations particularly set forth therein or in respect thereof.

(vi) Insurance:

(a) The Chargor will forthwith insure and during the continuance of the Charge keep insurance in favour of the Chargee against loss or damage by fire, tempest, tornado, cyclone, lightening, windstorm and hail, explosion, impact, vandalism, malicious act, civil disturbance or riot, smoke, falling objects and other risks or hazards as the Chargee may require, each and every building on the Lands and which may hereafter by erected thereon, both during erection and thereafter, for the full insurable value thereof in lawful money of Canada in a company duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Chargee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Chargee, and the Chargor will forthwith assign, transfer and deliver over unto the Chargee the policy of insurance and receipts thereto appertaining; and if the Chargor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them, and if the Chargee shall pay any premiums or sums of money for insurance for the premises or any part thereof the amount of such payment shall be added to the debt secured by the Charge and shall bear Interest at the same rate applicable to Principal as set out in the Charge from the time of such payments and shall be payable at the time appointed for the next ensuing payment of Interest on the said debt; and the Chargor shall forthwith on the happening of any loss or damages, furnish at his own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of the Charge shall be sufficient authority for the said insurance company to pay any such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee; and any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Lands or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the Charge debt or any part thereof whether due or not then due.

(b) If the Lands are part of a condominium the insurance provisions set out in paragraph (a) above will not apply and the following will apply to the Charge:

The Chargor or the Condominium Corporation or both of them will forthwith insure and during the continuation of the Charge keep insured in favour of the Chargee against loss or damage by fire, tempest, tornado, cyclone, lightening, windstorm and hail, explosion, impact, vandalism, malicious act, civil disturbance or riot, smoke, falling objects and other risks or hazards as the Chargee may require, each and every building on the Lands and which may hereafter by erected thereon, both during erection and thereafter, for the full insurable value thereof in lawful money of Canada in a company approved by the Chargee; and the Chargor or the Condominium Corporation or both of them will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policy or policies, and receipts or produce to the Chargee at least fifteen days before the terminations of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies of insurance and, without limiting the generality of the obligations imposed on him by the Condominium Act and by the Declaration and By-Laws of the Condominium Corporation as hereinafter provided; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

DEFAULT

7. The following shall, without limiting in any way the other obligations, provisions, covenants, agreements and stipulations contained in the Charge, constitute a default by the Chargor of the Charge:

(i) Failure to make pay payment required to be made by the Charge;

(ii) The Lands being subject to an encumbrance which ranks in priority to this Charge, and to which the Chargee has not consented, as referred to in paragraph 6(v) thereof;

(iii) Failure to insure and keep insured the Lands, in accordance with paragraph 6(vi) hereof.

(iv) Failure to comply with the obligations referred to in paragraphs 12, 16, and 17 hereof.

(v) Any alterations or additions are made to the Lands without the consent of the Chargee, as referred to in paragraph13 hereof.

(vi) Failure to notify the Chargee of any change in circumstances, as referred to in paragraphs 21, 22, and 23 hereof.

(vii) Any statement, certification, covenant or agreement given or made with the Chargee in applying for the loan, or in this Charge, is untrue.

(viii) The Lands are abandoned.

(ix) Failure to make any payment required to be made pursuant to any instrument, promissory note, bill of exchange, or other obligations now or at any time held by the Chargee in respect of or representing or securing the money hereby secured, or any part thereof.

(x) Default in the doing, observing, performing, fulfilling or keeping of some one or more of the obligations, provisions, covenants, agreements or stipulations contained in the Charge.

In the event of any such default all of the Chargee's rights and remedies, as are provided for in this Charge, shall accrue to the Chargee and become exercisable.

POWER OF SALE

8. In the event the Chargor defaults in the payment of the Principal or the Interest thereon or any part of such Principal or Interest and fifteen days shall have thereafter elapsed without such payment being made(of which default, as also of the continuance of the said Principal and Interest, or some part thereof, on this security, the production of these presents shall be conclusive evidence), it shall and may be lawful to and for the Chargee after giving thirty-five days prior written notice to the Chargor or its intention in that behalf, whether personally or at his usual or last place of residence, without any further consent or concurrence of the Chargor, to enter into possession of the Lands and to receive and take the rents, issues, and profits thereof, and whether it or out of possession of same, to make any lease or leases thereof, or any part thereof as it shall think fit, and also on default as aforesaid and fifteen days shall have thereafter elapsed and after giving written notice to the persons and in the manner and form prescribed by Part III of the Mortgages Act, not less than thirty-five days previous, without any further consent or concurrence of the Chargor to sell and absolutely dispose of the Lands or any part or parts thereof, by public auction or private contract, or partly by private contract and partly by public auctions, and to convey and assure the same when so sold to the purchaser or purchasers thereof, his or their heirs, successors, or assigns, or as he or they shall direct and appoint and to execute and so all such assurances, acts, matters and things as may be found necessary for these purposes and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default; and until such sale or sales shall be made as aforesaid, the Chargee shall and will stand and be possessed of and interested in the rents and profits of the Lands in case it shall take possession of the same on any default as aforesaid, and after such sale or sales shall stand and be possessed of and interested in the moneys to arise and be produced by such sale or sales, or which shall be received by the Chargee by reason of any insurance upon the buildings or any apart thereof,

upon trust in the first place to pay and satisfy the costs and charges of preparing for and making sales, leases and conveyances as aforesaid, and all other costs and charges, damages and expenses which the Chargee shall bear, sustain, or be put to for taxes, rents, insurances and repairs, and all other costs and charges which may be incurred in and about the execution of any of the trusts in him hereby reposed, and in the next place to pay and satisfy the Principal and Interest hereby secured or mentioned or intended so to be or so much thereof as shall remain due and unsatisfied up to and inclusive of the day whereon the said Principal shall be paid and satisfied; and after full payment and satisfaction of the Principal and Interest as aforesaid upon this further trust that the Chargee shall pay the surplus, if any, to subsequent encumbrances and to the Chargor or as she shall direct and appoint, as their interest appear, and shall also if requested by the Chargor, at the costs of the Chargor, transfer, release and assure unto the Chargor or to such person or persons as he shall direct and appoint, all such parts of the Lands as shall remain unsold for the purposes aforesaid, freed and absolutely discharged of and from all liens, charges and encumbrances whatsoever by the Chargee.

Notwithstanding the power of sale and other powers and provisions contained in this Charge the Chargee shall have and be entitled to his right of foreclosure of the fee, interest or equity of redemption of the Chargor in the Lands.

Any notice shall be given in such manner and to such person as may be lawfully required at the time when such notices are given and in the absence of any such requirement and/or to the extent that such requirements shall not be applicable such notices may be effectively given either by leaving the same with the grown-up person on the said Lands if occupied, or by placing it thereon if unoccupied, or at the option of the Chargee by mailing the same in a registered letter addressed to the Chargor at his last known address or by publishing the same once in some newspaper published in the county or district in which the Lands are located and such notices shall be sufficient though not addressed to any person or persons by name or designation and notwithstanding any person or persons to be affected thereby may be unborn, unascertained or under disability.

The Chargee may sell any of the Lands on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to the title or evidence or commencement of title or otherwise which it shall deem proper; and may buy in or rescind or vary any contract for the sale of the whole or any part of the Lands and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such moneys as have been actually received from purchasers after the satisfaction of the claims of the Chargee and subsequent encumbrancers and for any of the said purposes may make and execute all agreements and assurances as it shall think fit; and that any purchaser or lessee shall not be bound to see the propriety or regularity of any sale or lease is improper; and that no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

Without prejudice to the powers under the preceding paragraphs in case such default be made in any payment of the Principal or Interest or any part thereof and such default continues for two months, the Chargee without any notice whatever (unless lawful requirement at such time requires that notice be given and then notice shall be given to the extent, in the manner and to the persons as required by such lawful requirements), may exercise all or any of the powers given under the preceding paragraphs with or without entry on the Lands, and the Chargee may sell the lands or any part thereof by public auction or private contract, or partly one or partly the other, and the proceeds of any sale hereunder may be applied in payment of any costs, charges and expenses incurred about taking, recovering or keeping possession of the Lands or by reason of non-payment or procuring payment of the Principal or Interest secured hereby or otherwise.

DISTRAINT

9. The Chargee may distrain for arrears of Interest against the Lands or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of Interest and all costs and expenses incurred in such levy or distraint and may also distrain for arrears of Principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of Interest.

ACCELERATION OF DEFAULT

10. On a default of this Charge including default in the payment of the Principal or the Interest thereon or any part of such Principal or Interest or the doing, observing, performing, fulfilling or keeping of some one or more of the obligations, provisions, covenants, agreements or stipulations contained in the Charge, then, at the option of the Chargee, the Principal, Interest and all other monies secured by the Charge shall immediately become due and payable, and in default of payment of same with Interest as in the case of payment before maturity, the powers of entering upon and leasing or selling the Lands, and all other remedies as given in the Charge, or as are permitted by law, may be exercised forthwith. The Chargee may in writing ay any time or times after default waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

TAXES

11. With respect to municipal taxes, school taxes and local improvement rates(hereinafter referred to as "taxes") chargeable against the Lands:

    (a) The Chargee may deduct from the final advance of the Principal secured by the Charge an amount sufficient to pay the taxes which have become or will become due and payable at the date for adjustment of Interest referred to in the Charge and are unpaid at the date of such final advance.

    (b) After the date for adjustment in Interest the Chargor shall pay to the Chargee in monthly instalments on the dates on which instalments of Principal and Interest are payable hereunder, sufficient sums as estimated by the Chargee from time to time to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof, and, the Chargor shall also pay to the Chargee on demand any amounts by which the actual taxes exceed such estimated amounts.

    (c) The Chargee agrees to apply such deduction and payments on the taxes, chargeable against the Lands so long as the Chargor is not in default of this Charge, but nothing herein contained shall obligate the Chargee to apply such payments on account of taxes oftener than yearly. If however before any sum or sums paid to the Chargee for or on account of taxes shall have been so applied there shall be default by the Chargor in respect of any payment of Principal or Interest as provided for in this Charge, the Chargee may apply such sum or sums in or towards payment of the Principal and/or Interest in default.

    (d) The Chargor shall transmit to the Chargee all assessment notices, tax bills, and other notices affecting the imposition of taxes on the Lands after the receipt of same by him.

    (e) Notwithstanding the provisions in this clause 11 set out, the Chargee may elect not to require payment of taxes to it in which case the Chargor will pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of all taxes chargeable against the Lands for each year no later than December 15th of each year.

REPAIRS, CONSTRUCTIONS LIENS

12. The Chargor shall at all times keep the Lands in good condition and repair according to the nature and description thereof respectively, and the Chargee may whenever it deems necessary by its agents enter upon and inspect the Lands and may make such repairs as it deems necessary, and the reasonable costs of such inspections and repairs with Interest at the rate provided for in the Charge shall be added to the Principal secured by the Charge, and be a charge upon the lands prior to all claims thereon subsequent to the Charge; and in any such case, or if the Chargor neglects to keep the Lands in good condition and repair or commits or permits any act of waste on the Lands (as to which the Chargee shall be the sole judge) or allows any buildings erected upon the Lands to remain unfinished, without any work being done thereon for a period of ten days, then at the option of the Chargee, the Principal, Interest and all other monies secured by the Charge shall immediately become due and payable, and in default of payment of same with Interest as in the case of payment before maturity, the powers of entering upon and leasing or selling the lands, and all other remedies as given in the Charge, or as permitted by law, may be exercised forthwith.

ADDITIONS AND ALTERATIONS

13. The Chargor will not make or permit to be made any alterations or additions to the Lands without the consent of the Chargee.

FIXTURES

14. All erections and improvements fixes or otherwise not on or hereafter put upon the Lands including but without limiting the generality of the foregoing, all fences, heating, piping, plumbing, aerials, air-conditioning, ventilating, lighting, and water heating equipment, cooking and refrigeration equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows, and storm doors, window screens and screen doors, shutters and awnings, floor coverings and all apparatus and equipment appurtenant thereto, shall be and become fixtures and form part of the Lands and shall be a portion of the security for the indebtedness herein mentioned.

PAYMENT OF EXPENSES AND PRIOR ENCUMBRANCES BY CHARGEE

15. The Chargee may pay the amount of any encumbrance, lien or charge now or hereafter existing, or to arise or to be claimed upon the Lands having priority over this Charge, including any taxes, utility charges or other rates on the Lands, or any amounts payable to the Condominium Corporation, and may pay all costs, charges, and expenses and all solicitors' charges on a solicitor and client basis or commissions, which may be incurred in taking, recovering, and keeping possession of the Lands and generally in any proceedings or steps of any nature whatever taken in connection with or to realize this security, or in respect of the collection of any overdue Interest, Principal, insurance premiums or any other monies whatsoever payable by the Chargor pursuant to the Charge whether any action or any judicial proceedings to enforce such payments has been taken or not, and the amount so paid and insurance premiums for fire or other risks or hazards and any other monies so paid by the Chargee with Interest at the rate provided for in the Charge shall be added to the Principal secured by the Charge and be a charge upon the Lands and the Principal, Interest and all other monies secured by the Charge shall, at the option of that Chargee, forthwith become due and payable, and in default of payment of same with Interest as in the case of payment before maturity, the power of entering upon and leasing or selling the Lands and all other remedies as given in the Charge, or as are permitted by law, may be exercised forthwith. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes

or rates, either out of the monies advanced on the security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation, or Government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if it thinks proper to do so.

NO SUBSEQUENT ENCUMBRANCES

16. The Lands shall remain free and clear of all encumbrances, liens, mortgages, security interests and financing agreements subordinate to the Chargee's interest throughout the term of this Charge and any renewal or renewals hereof, save and except those which are approved by the Chargee in writing, in default of which, then, at the option of the Chargee, the Principal, Interest and all other monies secured by the Charge shall immediately become due and payable, and in default of payment of same with Interest as in the case of payment before maturity, the powers of entering upon and leasing or selling the Lands, and all other remedies as given in the Charge, or as are permitted by law, may be exercised forthwith.

SALE BY CHARGOR

17. The Chargor shall not sell, convey, transfer or enter into an agreement of sale for transfer of the title of the Lands to a purchaser without the written prior consent of the Chargee, in default of which, then, at the option of the Chargee, the Principal, Interest and all other monies secured by the Charge shall immediately become due and payable as in the case of a request for prepayment, and in default of payment of same with Interest as in the case of payment before maturity, the powers of entering upon and leasing or selling the Lands, and all other remedies as given in the charge, or as are permitted by law, may be exercised forthwith.

Provided further that no sale or other dealing by the Chargor with the Lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured.

GUARANTOR

18. In the event a party is named as a covenantor or guarantor in the Charge or a schedule thereto, then it is a condition of the making of the loan referred to in the charge that the terms hereinafter set forth shall be entered into by such party (the "covenantor"), and the covenantor on behalf of himself, his executors, administrators, successors and assigns in consideration of the advance in whole or in part of the monies secured by the Charge does hereby:

    (a) covenant, promise and agree to be liable with the Chargor as principal debtor and not as surety, for due payment of all monies payable under the Charge at the times and in the manner provided in the Charge;

    (b) unconditionally guarantee that the Chargor shall do, observe, perform, fulfil and keep all the obligations, provisions, covenants, agreements and stipulations contained in the Charge;

    (c) covenant, promise, and agree to indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur or be or become liable for by reason of:

        (i) the failure, for any reason whatsoever, of the Chargor to pay the monies expressed to be payable pursuant to the provisions of the charge,

(ii) the failure, for any reason whatsoever, of the Chargor to do, observe, perform, fulfil and keep all the obligations, provisions, covenants, agreements and stipulations contained in the Charge, or

(iii) any act, action or proceeding of or by the Chargee for or in connection with the recovery of the said monies or the obtaining of the Chargor to so, observe, perform, fulfil, and keep all the obligations, provisions covenants, agreements and stipulations contained in the Charge.

(d) agree that the Chargee may at any time and from time to time and without notice to, or any consent or concurrence by the covenantor, make any settlement, extension or variation in the terms of the Charge or take or surrender any security, and that no such thing done by the Chargee nor any carelessness or neglect by the Chargee in asserting its rights nor any other thing whatsoever, including, without in any way limiting the generality of the foregoing, the loss by operation of law of any right of the Chargee against the Chargor or the loss or destruction of any security, shall in any way release or diminish the liability of the covenantor under the Charge, so long as any monies expressed by the Charge to be payable remain unpaid or the Chargee has not been reimbursed for all such losses, damages, costs, charges and expenses are aforesaid; and

(e) agree that the Chargee shall not be obligated to proceed against the Chargor or to enforce or exhaust any security before proceeding to enforce the obligations of the covenantor set out in the Charge and the enforcement of such obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the Chargor or the enforcement of any security for any such debt or obligations.

If there is more than one covenantor they shall be bound jointly as well as severally and their obligations shall continue and subsist notwithstanding the death of one or more of such covenantors.

SPOUSE'S CONSENT

19. The spouse of the Chargor so named in the Charge hereby consents to the transaction evidenced by the Charge and releases all interest in the Lands to the extent necessary to give effect to the rights of the Chargee hereunder, and agrees that the Chargee may, without further notice, deal with the Lands and the debts hereby created as the Charge may see fit.

FAMILY LAW ACT, 1986

20. The Chargor shall:

(a) advise and keep advised the Chargee as to whether he (i.e. the Chargor or the owner from time to time) is a spouse as defined in Section 1(1) of the Family Law Act, RSO 1990, C.F.2, as amended, and if so, the name of his spouse, and of any change in his spousal status or in the status of the Lands as a matrimonial home within the meaning of the said Act, and

(b) forthwith on request furnish the Chargee with such evidence in connection with any of the matters referred to in clause(a) above as the Chargee may from time to time require, including, without limitation, his and his spouse's name, address and birth date and his and his spouse's authorization or to the Registrar under the Vital Statistics Act of the Province of Ontario to provide the Chargee from time to time on request all information in its possession relative to any marriage, divorce or death of the Chargor or his spouse.

and in default of which, then, at the option of the Chargee, the Principal, Interest and all other monies secured by this Charge shall immediately become due and payable, and in default of payment of same with Interest as in the case of payment before maturity, the powers of entering upon and leasing or selling the Lands, and all other remedies given in the Charge, or as are permitted by law, may be exercised forthwith.

CHANGE IN CIRCUMSTANCES

21. The Chargor shall immediately advise the Chargee of any:

(a) change of address, postal address or telephone number of the Chargor;

(b) change in financial institution of the Chargor;

(c) change in the spousal status of the Chargor;

(d) change in the qualification of the Lands as a matrimonial home within the meaning of the Family Law Act, R.S.O.1990 C.F.2, as amended;

(e) change in the legal title or beneficial ownership of the Lands;

and, in furtherance hereof the Chargor shall:

(a) furnish the Chargee with such evidence in connection with any of (a), (b), (c), (d) and (e) hereof as the Chargee may from time to time require;

(b) furnish the Chargee with replacement post-dated cheques drawn on the Chargor's account of any new financial institution if payments payable under the Charge are made by post-dated cheques, or to execute in favour of the Chargee such authorization as the Chargee may require to permit it to make automatic withdrawals from the Chargor's account or accounts at the new financial institution if the payments payable under the Charge are to be made in that manner.

CORPORATE CHANGES

22. Where the Chargor is a Corporation, in the event:

(a) the Chargor fails to supply to Chargee, in a form of satisfactory to the Chargee, such information relating to the ownership of its shares as the Chargee may from time to time require, or

(b) without the written consent of the Chargee first had and obtained, the Chargor;

(i) alters its letters patent or its memorandum or articles of association with respect to the capital structures of the Chargor,

(ii) alters any rights that are attached to its shares,

or

(iii) issues or redeems any of its shares or transfers any of its shares,

then, at the option of the Chargee, the Principal, Interest and all other monies secured by the Charge shall immediately become due and payable, and in default of payment of same with Interest as in the case of payment before maturity, the powers of entering upon and leasing or selling the Lands, and all other remedies as given in the Charge, or as are permitted by law, may be exercised forthwith.

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OTHER SECURITY

23. The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured hereunder, and it is understood and agreed that the Chargee may pursue its remedies thereunder or hereunder concurrently or successively at its option. Any judgment or recovery hereunder or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon this or any other such security.

PARTIAL RELEASE

24. The Chargee may at all times at its discretion release any part or parts of the Lands or any other security or any surety for the Principal and Interest hereby secured either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Lands, or any other securities or covenants herein contained, or any person from this Charge, it being especially agreed that notwithstanding any such release the Lands, securities and covenants remaining unreleased shall stand charged with the whole of the monies secured by the Charge.

WAIVER OF DEFAULT

25. No failure by the Chargee to enforce at any time or from time to time any of its rights hereunder shall prejudice such rights or any of its other rights; no performance or payment by the Chargee in respect of any breach or default hereunder of the Chargor shall relieve the Chargor from any default hereunder; and no waiver at any time or from time to time of any such rights of the Chargor shall prejudice such rights in the event of any futures default or breach.

JUDGMENTS

26. It is agreed that the taking of a judgment or judgments on any of the terms herein contained shall not operate as a merger of the said terms or effect the Chargee's right to Interest at the rate and times herein provided; and further that the said judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in this Charge until the said judgment shall have been fully paid and satisfied.

CONDOMINIUMS

27. If the Charge is of lands within a Condominium the following provisions shall apply:

    (a) The Chargor shall at all times and from time to time observe and perform all duties and obligations imposed on him by the Condominium Act and by the Declaration and the By-Laws, as amended from time to time, of the Condominium Corporation, by virtue of his ownership of the said lands. Any breach of the said duties and obligations shall constitute a breach of the Charge.

    (b) Without limiting the generality of the foregoing, the Chargor shall pay promptly when due any contributions to common expenses required of him as an owner of the said lands and in the event of his default in doing so the Chargee, at its option, may pay the same, and the amount so paid with Interest at the rate provided for in the Charge shall be added to the Principal secured by the Charge and shall be a charge on the lands and the Principal, Interest and all other monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable , and in default of payment of same with Interest as in the case of payment before maturity, the process of entering upon and leasing and selling the Lands and all other remedies as given in the Charge, or as are permitted by law, may be exercised forthwith.

(c) The Chargor hereby irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the said lands to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) The Chargee may at any time or from time to time give notice in writing to the Chargor and the said Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.

(ii) The Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent to or to protect the interest of the Chargor.

(iii) The exercise of the right to vote or consent shall not constitute the Chargee a Chargee in possession.

DISCHARGE

28. The Chargee shall have a reasonable time after payment of the monies secured by the Charge in full within which to prepare and execute a discharge(of if requested, an assignment) of the Charge, and Interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee.

EXTENSIONS AND RENEWALS

29. No extension of time given by the Chargee to the Chargor or any one claiming under him, or any other dealing by the Chargee with the owner or owners of the Lands or of any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the Principal and Interest hereby secured; and this Charge may by renewed by an agreement in writing at maturity for any term notwithstanding that there may be subsequent encumbrances. It shall not be necessary to register any such agreement in order to retain priority for this Charge over any instrument registered subsequent to this Charge.

Provided that nothing contained in this paragraph shall confer any right of renewal upon the Chargor.

CHARGEE EXPENSES

30. In addition to all other amounts required to be paid by the Chargor pursuant to the terms of the Charge, the Chargor shall pay:

(a) to the Chargee, all fees and charges charged by the Chargee form time to time for or in connection with:

(i) any application for the Charge;

(ii) any mortgage statements prepared by the Chargee;

(iii) any discharge of the Charge prepared and/or signed by the Chargee;

(iv) any renewal or extension of the Charge;

(v) any payment required to be made by the Chargor to the Chargee pursuant to the terms of the Charge, which is received by the Chargee late;

(vi) any cheque issued by the Chargor to the Chargee which is returned to the Chargee after being presented to the Bank or Trust Company on which it is drawn.

(b) All fees, costs, and expenses including legal expenses on a solicitor an client basis, of preparation of the Charge and all other documents required in connection with the Charge, registration of the Charge, examination of title to the Lands and obtaining of the opinion of counsel for the Chargee thereon, and in the taking of all other actions deemed necessary in the opinion of the Chargee or counsel for the Chargee, and all costs and expenses of valuing the Lands.

(c) All fees, costs, and expenses including legal expenses on a solicitor and client basis, for anything done in connection with the enforcement of the Charge or the procuring of the payment of any monies payable pursuant to the Charge;

and all such amounts shall be paid forthwith upon demand and in default of payment of same, the amount not so paid, with Interest at the rate provided for in the Charge shall be added to the Principal secured by the Charge, and be a charge upon the Lands, and, at the option of the Chargee, the Principal, Interest and all other monies secured by the Charge shall immediately become due and payable, and in default of payment of same with Interest as in the case of payment before maturity, the powers of entering upon and leasing or selling the Lands, and all other remedies as given in the Charge, or as are permitted by law, may be exercised forthwith.

SEVERABILITY OF ANY INVALID PROVISIONS

31. In the event that at any time any term of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statue or regulation thereunder or would be reason of the provisions of any such statute or regulation render the Chargee unable to collect the amount of any loss sustained by it as a result of making the above recited loan which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

COMPLIANCE WITH THE LAW

32. The Chargor shall observe, perform, execute, and comply with all laws, rules, requirements, orders, directions, ordinances and regulations of every governmental authority and agency concerning the Lands and will at its own expense make any and all improvements thereon or alternations thereto, structural or otherwise, which may be required at any time by any such present or future law, rule, requirement, order, direction, ordinance or regulation. The Chargee, whenever it deems necessary, may by its surveyor or agent enter upon and inspect the Lands and make such improvements and alternations as the Chargee deems necessary to render the Lands in compliance with such laws, rules, requirements, orders, directions, ordinances, or regulations and the cost of such inspection, improvements and alternations with Interest at the rate provided for in the Charge shall be added to the Principal secured by the Charge, and be a charge upon the lands, and the Principal, Interest and all other monies secured by this Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with Interest as in the case of payment before maturity, the process of entering upon and leasing or selling Lands and all other remedies as given in the Charge, or as are permitted by law, may be exercised forthwith.

NO OBLIGATION TO ADVANCE

33. Neither the preparation, execution nor registration of this Charge shall bind the Chargee to advance the Principal hereby secured, nor shall the advance of a part of the Principal secured hereby bind the Chargee to advance any unadvanced portion thereof, but nevertheless this Charge shall take effect forthwith upon the execution thereof by the said Chargor, and the expenses to be paid by the Chargor, including expenses for the examination of title and of this charge and calculation are to be secured hereby in the event the whole or any balance of the Principal not being advanced, the same to be a charge upon the said lands, and the Principal, Interest and all other monies so secured by this charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with Interest as in the case of payment before maturity, the process of entering upon and leasing or selling the Lands and all other remedies as given in the Charge, or as are permitted by law, may be exercised forthwith.

INTERPRETATION

34. The expression "the Chargor" used in these presents shall include the heirs, executors, administrators, successors, assigns and insurers of the Chargor and the expression "the Chargee" shall include the heirs, executors, administrators, successors, assigns and insurers of the Chargee and (if the charge effects a Condominium) the expression "the Condominium Corporation" shall mean the Condominium Corporation referred to in the description of the lands in the Charge and the expression "Declaration" shall mean the Declaration registered in connection with the Condominium Corporation, and words in the singular include the plural and words in the plural include the singular, and words importing the masculine gender include the feminie and neuter genders where the context so requires, and all obligations, provisions, covenants, agreements, and stipulations shall be joint and several, and all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargee shall be equally secured to and exercisable by its administrators, successors, assigns, and insurers.

PARAGRAPH HEADINGS

35. The paragraph headings herein are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

DATE OF CHARGE

36. This Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of signature thereof by the first named Chargor.

DATED the 17 day of 5 2006.

GRAND RIVER CREDIT UNION LIMITED
Per:

Name: KERRY HADAD
Title: CEO

0.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200623 Cote
Filing Date June 16 2006 Date de Dépôt
Page 1 of/de 25 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

Filing No.

filed by – RELIANT HOME MORTGAGE CANADA INC.

STANDARD CHARGE TERMS

The following set of STANDARD CHARGE TERMS shall be deemed to be included in every Charge in which the set is referred to by its filing number, as provided in section 9 of the above Act.

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PARTIES AND TERMS

1. **Parties to the Standard Charge Terms**. In this set of Standard Charge Terms, you, the Chargor, agree with us, the Chargee, to the following terms, representations and conditions for the charge of your Property. Charge means this set of Standard Charge Terms and the form of mortgage in which this set of Standard Charge Terms is referred to by its filing number and includes any schedule and addenda thereto. Phrases beginning with capitals such as Principal Amount, Balance Due Date and Interest Rate refer to the applicable information set forth beside those phrases in the Form 2 Charge/Mortgage of Land in which this set of Standard Charge Terms is referred to by its filing number and any amendment of the applicable information on renewal or otherwise from time to time.

2. **Chargee.** You acknowledge that Computershare Trust Company of Canada, or its successor, may be named as the Chargee under the Charge as nominee and agent for Reliant Home Mortgage Canada Inc., which will hold all of the beneficial title and interest in the Charge and in the indebtedness and liabilities owing by you to us, and references to "us" in these Standard Charge Terms is deemed to include Computershare Trust Company of Canada and its successors where applicable.

MATTERS RELATING TO PAYMENT

3. **Your Covenant to Pay**. You charge the Property to secure all of your indebtedness and liabilities from time to time to us and you covenant to pay to us the Principal Amount, interest and all fees and costs on the terms set out in this Charge or in any amendment, extension or renewal of the Charge and any additional amounts secured by this Charge on the terms elsewhere provided for such debts and liabilities.

4. **Your Obligation to Pay Without Set-off or Delay**. You agree to pay all amounts payable pursuant to this Charge and all additional amounts secured by this Charge without abatement, set-off or counterclaim. Should you make any claim against us either initially or by way of abatement, set-off or counterclaim, you agree that any such claim by you will not diminish or delay your obligations to make the payments as provided in this Charge and any such claims by you will not delay the exercise of any remedy and not be a defence to any claim by us against you under this Charge. And without limiting the generality of the foregoing, you agree that should you allege that life insurance or disability insurance should make payment in whole or of any part of the amount secured by this Charge, you will nevertheless be responsible for making all payments provided for under this Charge or any amendment, extension or renewal of the Charge or for any other amount secured by this Charge as they become due until the insurer or alleged insurer makes such payments. Should the insurer either deny that any payments are owing or take the position that there is no insurance coverage for any reason whatsoever including misrepresentation by or to you or by or to any agent or representative of the insurer or Chargee, your responsibility to make payments under the Charge shall continue and you will not make any claim for set-off, counterclaim or delay having anything to do with such insurance or application for any insurance.

5. **Application of Payments and Interest After Default**. All monthly payments when received will be applied first in payment of interest calculated at the Interest Rate, and second in payment of the principal except that if you are in default, we may apply any payments received during the period you are in default on such part of the indebtedness secured by this Charge as we may choose. If you are in default in payment of any amount including interest, interest will be payable on the interest and other arrears

at the Interest Rate compounded monthly.

6. **No Obligation to Advance**. The preparation, execution or registration of this Charge will not bind us to advance the Principal Amount, nor will the advance of a part of the Principal Amount bind us to advance or readvance any other portion of the Principal Amount or to allow you to incur any other indebtedness or liability to us, but nevertheless the security on the Property will take effect immediately on execution of this Charge by you.

7. **Prepayment Privileges and Compensation**. The Charge is closed to prepayment.

(a) Payment After Maturity. Where there is default after the Balance Due Date or maturity date of the last renewal of the fixed term loan secured by the Charge, you may pay the outstanding principal amount of such loan only upon payment of three months interest calculated on the outstanding principal amount or three months written notice in lieu thereof;

(b) Statements and Recovery of Amount. You agree that the statements we issue of amounts calculated pursuant to paragraph 6(a) shall, in the absence of obvious error, be conclusive.

8. **Time and Place for Payment**. All payments under this Charge must be made to us at such place as we designate to you from time to time. Each payment is to be made by 2:00 p.m. on the day on which it is due and payable. Any payment received by us after 2:00 p.m. will be deemed for the purpose of calculation and payment of interest, to have been made and received on the next day we are open for business.

9. **Preauthorized Payments**. Unless we otherwise agree, you will establish and make all regular payments as they become due pursuant to the Personally Approved Payment Service or other preauthorized payment method acceptable to us.

10. **Renewal**. You agree that where this Charge secures a loan for a fixed term, this Charge may not be renewed.

11. **Fluctuating Account/Additional Debts Secured**. You agree that this Charge will secure all your indebtedness and liabilities from time to time to us. The Charge is a general and continuing security for the Principal Amount or the parts thereof actually advanced or readvanced from time to time and interest thereon at the Interest Rate and fees and expenses incurred pursuant to this Charge and for all other present and future debts and liabilities you may have with us, whether direct or indirect, absolute or contingent, incurred by you alone or with any other person, and interest thereon and charges, fees and expenses incurred with respect thereto.

No payment, no revolving or fluctuation of the indebtedness or liability, no change in the form of the indebtedness or liability nor acceptance or renewal or substitution of any note, instrument or other document evidencing or regarding any of the indebtedness or liability will constitute a reduction or discharge in whole or in part of the security of this Charge and the Charge will not cease to operate and will not be extinguished except as provided in paragraph 11 below.

12. **Discharge**. If you pay us the Principal Amount, interest and all the other amounts secured by this Charge in full and you notify us in writing that such payment is in final and permanent pay out of all your indebtedness and liabilities to us and request a discharge of this Charge, we will discharge this Charge. You will give us a reasonable time after payment in which to prepare and issue the discharge. You must pay our expenses of having it prepared and you will also be responsible for the cost of registering it.

COVENANTS AND WARRANTIES

13. **Title Warranty and Covenants**. You warrant and agree that:

(a) **Good Title**. You have (unless you have a leasehold title and paragraph 13 is applicable) good and marketable title in fee simple to the Property subject only to any prior registered charge, to which we have agreed in writing;

(b) **To Protect Title**. You will preserve your title to the Property and the validity and priority of this Charge and you will forever warrant and defend the same for us against the claims of all persons;

(c) **Authority to Charge**. You have the right to charge the Property to us;

(d) **Release of Claims**. You release to us all of your right, title, interest and claim to the Property subject to the right to discharge contained in paragraph 11 above.

14. **Additional Covenants if Property is a Leasehold**. If you have a leasehold interest in the Property, the Charge will not apply to the last day of the term of your lease or the term of any renewal or replacement of your lease. You will hold the last day of each term in trust for us and transfer it on our direction to any person acquiring such term. Our President, Secretary or any Vice-President is appointed your attorney with full power of substitution to complete such transfer. This appointment will not be terminated by your disability or death.

And furthermore, you warrant and agree that:

(a) you have good and marketable leasehold title to the Property;

(b) you have a good, valid and subsisting lease of the Property and you have given to us a full and complete copy of that lease;

(c) all rents and other monies payable under the lease have been paid and you are not otherwise in default under any obligation set out in the lease;

(d) you do not require the consent of the landlord to charge your leasehold interest in the Property, or if required, you have obtained the consent of the landlord to this Charge;

(e) you will pay rent and perform and observe all your other obligations under the lease;

(f) you will not encumber or surrender the lease or cause or allow it to be terminated or forfeited;

(g) you will not agree to any amendment of the lease without first obtaining our written consent; and,

(h) you will renew the lease as necessary to protect our interest and the Charge will extend to any such renewal.

15. **Fixtures, Additions, etc.**. You agree the Property includes all property of any kind that is at any time attached or fixed to the land or buildings or placed on and used in connection with them including all heating and cooling equipment such as furnaces, pumps, water heaters and air conditioners (central, window and other units), all cooking and refrigeration equipment, light fixtures, television antennae, satellite dishes, security systems, central vacuum, trees, shrubs and plants, as well as all alterations, additions and improvements to the buildings.

16. **Representations, Information, etc.** You warrant and represent that all representations made by you or anyone on your behalf in the application for mortgage loan and any other information you or the Guarantor have provided to us for our consideration in deciding whether to grant, amend or renew the mortgage loan or any other amount secured by this charge are true and correct at the time made or provided.

17. **Compliance With Building and Other Laws and Use.** Your use of the Property complies and you will continue to comply with all building and zoning by-laws and if a non-conforming use, you will continue such legal non-conforming use, unless we otherwise agree in writing. You will also comply with all other laws in your use and occupation of the Property and will not use or permit the Property to be used for any illegal, improper or immoral purpose or activity.

18. **No Other Mortgages or Liens**. You will not create or permit to exist any other mortgage, construction lien (other than any unregistered lien for work or supply to an improvement approved by us for an account not yet due) or other lien (other than for taxes and utilities not yet due) or other encumbrance against the Property.

19. **Payment of Taxes and Other Encumbrances**. You will also pay all taxes and other rates levied on the Property and all accounts for utilities supplied to the Property and all charges, mortgages, liens and other encumbrances on the Property when they are due and comply with your other obligations under them. You will, if we ask for it, immediately give us receipts showing that the taxes and other accounts have been paid.

20. **No Sale Without Consent**. You will not sell, transfer, lease or otherwise dispose of all or any part of the Property or any interest therein or if a corporation, permit a change in control.

21. **Financial Information**. If the Property or any part is not your residence property, you will when so requested by us provide to us any and all financial information and statements related to the Property or your or the Guarantor's affairs.

22. **Additional Covenants if Property is a Condominium Unit**. The following provisions apply to any condominium unit that is part of the Property:

(a) Payment of Common Expenses and Compliance. You will pay all contributions to common expenses of the condominium as they become due and comply with the Condominium Act and the declaration, by-laws and rules of the corporation. You will provide us with proof of your payment and your compliance from time to time as we may request. You will forward to us as received copies of any notices, assessments, by-laws, rules and financial statements of the corporation. You will provide us, on request, with any other documents and information that you receive from the corporation or are entitled to receive.

(b) Repair. You will maintain all improvements made to your unit and repair them after damage.

(c) Insurance of Unit. You will insure all improvements which you or the previous owners have made to your unit. Furthermore, you will insure your common or other interest in buildings which are part of the condominium property or assets of the corporation, if the corporation fails to insure the buildings as required by the Act and the declaration, by-laws and rules of the corporation. These obligations are in addition to your obligations in this Charge under the heading Insurance for the Property as far as they apply to a condominium unit.

(d) Right to Vote - Proxy. You hereby assign to us and authorize us to exercise your rights under the Act to vote and to consent. If we do not exercise such rights, you may do so, but you will do so according to any instructions which we may give you from time to time. You also authorize us to inspect the corporation's records. Nothing done under this paragraph puts us in possession of the Property.

23. **Insurance for the Property.**

(a) **Fire and Other Perils.** You will cause the Property to be insured by an insurer and under a policy or policies satisfactory to us to an amount of not less than the full insurable value of the buildings and improvements on the Property. The insurance must be against the perils and extended perils usually covered in fire insurance policies, including but not limited to loss or damage by explosion, tempest, tornado, cyclone, earthquake and lightning.

(b) **Boiler Insurance.** If there is a boiler or other pressured vessel or a sprinkler system in any building on the Property, the insurance to be obtained by you must cover loss or damage caused by the boiler or other pressured vessel and equipment operated with it or caused by the sprinkler system;

(c) **Owner's Liability Insurance.** If the Property is used for commercial purposes, you must have comprehensive liability insurance for personal and property damage and losses occurring on or in respect to the Property for an amount per occurrence which we may specify to you in writing;

(d) **Rental Interruption Insurance.** If the Property is used for commercial purposes and we so request in writing, you must also have insurance against loss of rents and other income or payments to be made by tenants or others with respect to use of the Property or any part thereof from the risks covered by the other required insurance for 100% of the rents and other payments from the property or rental value for a period of at least twelve months from the date the claim arises;

(e) **Builder's All Risk.** During such time or times as there is construction of any buildings or other improvements on the Property, you will maintain builder's all risk insurance with a stated amount clause for the improvements for full insurable value.

(f) **No Co-Insurance.** The insurance may not contain co-insurance requirements;

(g) **Proof of Insurance.** Each policy of insurance shall contain mortgage clauses and loss payee clauses in a form satisfactory to us. You must on request deliver to us any policy of insurance on the Property. You must give us proof that you have obtained the insurance you are required to obtain and you must, at least 10 days before any insurance expires or is terminated, give us proof that you have arranged for such insurance to be renewed or replaced. If you fail in any way to comply with these obligations, we may (but we are not obliged to) obtain insurance on your behalf. If we think it is necessary, we can require you to cancel any existing insurance for the Property and provide other insurance which meets our approval;

(h) **Insurance Claims and Proceeds**. If loss or damage occurs, you will provide us with necessary proofs of claim and do everything else necessary to enable us to obtain payment of our interest in the insurance proceeds. You irrevocably appoint our President, Secretary or any Vice-President (with power of substitution) as your authority to sign on your behalf any documents required or to endorse on your behalf any cheques issued by any insurer with respect to any policy of insurance with respect to all or any part of the Property. Insurance proceeds may, in whole or in part, exclusively at our option, be used to rebuild or repair damaged buildings or be used to reduce all or part of the amount secured by this Charge;

(i) **Further Assignment**. You assign as additional security for your obligations under this Charge all interest in or under any insurance of any kind affected with respect to the Property and the proceeds thereof, whether or not placed in accordance with the requirements of this Charge.

24. **Property Taxes**.

(a) "taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties levied on or payable with respect to the Property;

(b) if we so require, you agree to pay to us on each payment date under the Charge or any amendment or renewal thereof, sums sufficient, as determined by us, to enable us to pay the whole amount of taxes on or before the due date for payment of taxes or, if taxes are payable in installments, on or before the due date for payment of the first installment;

(c) if you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you shall pay to us an appropriate amount in addition to the amount referred to in paragraph (b) above;

(d) if the taxes on the Property in any calendar year exceed our estimate, you will pay us the difference on demand;

(e) you agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them;

(f) we do not have to hold any moneys which you send us under this paragraph in trust, nor pay interest on them, nor apply them to pay taxes more than once a year;

(g) should you default under any of your obligations in the mortgage, we do not have to use monies so received to pay taxes and we may, if we wish, apply such monies to any of your debts or liabilities to us;

(h) before or on the Interest Adjustment Date, we may withhold from any advance under the Charge any amount we feel necessary to pay or to anticipate future payments of taxes.

25. **Repair, Vacancy and Maintenance of Property**. You will maintain the Property in good order, condition and repair and will promptly make all necessary repairs, replacements, and improvements. You will not allow any part of the Property to become or remain vacant without our written consent. You will not commit waste and will not remove, demolish or materially alter the Property or any part of it without our prior written consent. We may, whenever we feel it necessary, either by ourself or by our agent enter upon and inspect the Property and you shall pay the expenses associated with such inspection. If you, or anyone claiming under you, neglect to keep the Property in good condition and repair, or commit any act of waste on the Property, or do anything by which the value of the Property is diminished, as to all of which we shall be sole judge, we may (but we are not obliged to) enter the Property and effect such repairs or work as we consider necessary.

26. **Obligations Regarding Construction**. If any improvement (which includes construction, alteration, repair and demolition) is or is to be made to the Property, you must inform us in writing immediately if it has started, or otherwise before it is started and the plans and specifications must be approved by us. You covenant with us that if you fail at any time for a period of 10 business days to diligently carry on the work of construction of any building or buildings being or to be erected on the Property, or without our consent in writing, you depart in such construction from the plans approved by us or from the generally accepted standards of construction in the locality of the Property, or you permit any construction or similar lien to be registered against the Property, we may at our option at any time, through our agents or contractors, enter the Property and have exclusive possession of the Property and of all materials, plant, gear and equipment on the Property, free of interference by you and complete construction of the building or buildings either according to your plans approved by us, or according to such other plans, specifications or design as we in our discretion may choose. You shall pay all costs in connection with such construction together with a construction supervisor fee equal to twenty (20) % of the direct costs of any such construction.

27. **Your Obligations Regarding Environmental Matters**.

(a) To the best of your knowledge and belief, after due inquiry and investigation, no part of the Property contains, has ever contained or will in the future, except as provided below, contain any hazardous substances;

(b) We may require that you obtain from time to time at your expense an environmental audit report on all or any part of the Property, which report shall be satisfactory to us;

(c) You agree that any activities, operations or storage on any part of the Property that may involve hazardous substances will only be undertaken after full disclosure to us and with our approval. Any such activities, operations or storage will be in accordance with Environmental Laws and Regulations. You will on reasonable request from time to time provide us with satisfactory evidence of such compliance along with copies of all current permits and licenses necessary for the lawful operation or storage on the Property. Without limiting the generality of the foregoing, no use of any part of the Property will be allowed which may cause or increase the likelihood of the escape, seepage, leakage, spillage, release or discharge of any hazardous substance on, from or under the Property or permit any policy of insurance in respect to the Property to be cancelled;

(d) You will promptly notify us as soon as you know of or suspect that any hazardous substance has been brought on to the Property or that there is any actual, threatened or potential escape, seepage, leakage, spillage, release or discharge of any hazardous substance on, from or under the Property whether from your activities or storage or from those of another property owner or carrier or from any other source;

(e) You will promptly remove any hazardous substances that are on the Property in any manner and from any source, other than for activities, operations and storage which we have permitted as provided above, and complete all remediation of the Property that may be required by reason of the presence of hazardous substances and that we may consider prudent, all in accordance with Environmental Laws and Regulations;

(f) You agree to indemnify us with respect to any and all costs and liabilities we may incur for investigations, remediation and other matters related to hazardous substances that are or may be on or about or suspected to be on or about any part of the Property or nearby property;

(g) Any environmental audit report you may provide to us or we may obtain or any other investigation we may conduct or any remedial or other work we or someone on our behalf may perform or any storage or use of hazardous substances on the Property we may permit will not relieve you from your obligations hereunder;

(h) The representations, covenants, agreements and indemnity made in this section shall survive satisfaction and discharge of the Charge, sale of all or any part of the Property or extinguishment of the Charge;

(i) Hazardous substances refers to solid, gaseous or liquid waste and substances or conditions that are prohibited, controlled or otherwise regulated or that are otherwise hazardous in fact or that are considered potentially hazardous and Environmental Laws and Regulations mean all requirements of common law, statutes, by-laws, orders, permits and the like of any government or governmental authority relating to environmental, health, fire or safety matters.

28. **Further Assurances and Reservation of Rights**. You will, before or after default, execute any further documents and do such other acts with respect to any aspect of this Charge, at your own expense, as we may reasonably require.

You agree that no sale or other dealing by you with the Property or any dealing by us with the whole or any part of Property or with any person liable in any manner for the whole or any part of the amount secured by this Charge, shall in any way affect or prejudice our rights against you, the Guarantor or any other person liable to pay any amount secured by this Charge.

DEFAULT AND REMEDIES

29. **Your Right to Quiet Possession**. Until default by you under this Charge, you shall have possession and receive the rents and profits from the Property.

30. **Events of Default**. You will be in default under this Charge upon the happening of any of the following events:

(a) if you default in the payment of the Principal Amount, interest or any other amount secured by this Charge, when payment of such amount becomes due under the terms of this Charge or as elsewhere provided for any other amount secured by this Charge;

(b) if you default in the observance or performance of any term or covenant which you have agreed with us to observe or perform under this Charge or elsewhere;

(c) if any information or statement you or the Guarantor have given or made before, at or after signing the Charge, in respect of the Property or your or the Guarantor's affairs is incorrect or untrue at the time given or made;

(d) if you cease or threaten to cease to carry on in a sound businesslike manner the business you or the Guarantor ordinarily conduct on or with respect to all or any part of the Property;

(e) if the Property is a condominium unit or units, a vote authorizes termination of the condominium or the sale of all or substantially all of the condominium corporation's assets or its common elements or the condominium corporation fails to insure the unit and common elements;

(f) if a petition in bankruptcy is filed against you, if you make a general assignment for the benefit of your creditors, if a receiver, interim receiver, monitor or similar person is placed or is threatened to be placed in control of or for overview of your affairs or Property, or in our opinion, you become insolvent;

(g) if a construction or similar lien is registered against the Property or if default occurs under any other lien, charge or other encumbrance existing against the Property.

31. **Acceleration on Default**. If at any time you should be in default under this Charge, then the Principal Amount and interest and all amounts secured by this Charge shall, at our option, become due and payable immediately.

32. **Remedies on Default**. Upon the occurrence of any event of default, the Charge shall be immediately enforceable (without thereby declaring the Principal Amount and other amounts secured by the Charge immediately due and payable unless we have in writing declared the same due and payable) and we may realize upon our security and enforce our rights (without notice to you except as specifically required by any term of this Charge or by any applicable statute) by the following remedies:

(a) **Possession**. We may enter into possession of the Property and occupy and use it without any objection from you. Our liability for the time in possession of all or any part of the Property shall be limited to an accounting for monies actually received by us;

(b) **Distrain**. We may distrain your goods for arrears of interest;

(c) **Lease**. We may lease all or any part of the Property with or without entering into possession of the Property;

(d) **Court Action**. We may take proceedings in any Court of competent jurisdiction for sale or foreclosure of all or any part of the Property;

(e) **Court Receiver**. We may take proceedings in any Court of competent jurisdiction for the appointment of a receiver (which term as used in this Charge includes a receiver and manager) of all or any part of the Property, and you hereby consent to a court order for such appointment;

(f) **Power of Sale**. On default of payment for at least fifteen (15) days we may, on at least thirty-five (35) days' notice in writing given to you, enter on and lease or sell the Property. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the Property, if unoccupied, or by placing it on the Property if unoccupied, or in our option, by mailing it in a registered letter addressed to you at your last known address, or by publishing it once in a newspaper published in the county or district in which the Property is situated; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability. Provided further, that in case default is made in the payment of the principal amount or interest or any part thereof and such default continues for two months after any payment of either falls due, then we may exercise the foregoing powers of entering, leasing or selling or any of them without any notice, it being understood and agreed, however, that if the giving of notice by us shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law. It is hereby further agreed that the whole or any part of the Property may be divided and dealt with in whole or in part by sale or at auction; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Property or by reason of non-payment or procuring payment of monies, secured by the Charge or otherwise, and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain after fully satisfying all such claims same shall be paid as required by law. We may sell any of the Property on such terms as to credit and otherwise as shall appear to be most advantageous and for such prices as can reasonably be obtained therefore and may make any stipulations as to title or evidence or commencement of title or otherwise which we shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Property and resell without being answerable for any loss occasioned thereby, and in the case of a sale on credit we shall be bound to pay you only such monies as have been actually received from purchasers after the satisfaction of our claims and for any of said purposes may make and execute all agreements and assurances as we shall think fit. Any purchaser or lessee shall not be bound to see the Property or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

(g) **Receiver**. We may appoint in writing a receiver of the Property and of the rents and profits thereof. We may from time to time remove any such receiver and appoint another in its stead, and in making any such appointment or removal, we shall be deemed to be acting as the agent or attorney for you. The purpose of such appointment shall include the orderly management, administration and/or sale of the Property or any part thereof.

(h) **Abandoned Personal Property**. Any equipment (which is not part of the

Property) or furniture or household or personal belongings which remain on the Property for a period of more than five days after we or a receiver take possession of the Property shall be deemed abandoned and we may remove, store, dispose of or otherwise deal with such abandoned goods in such manner as we see fit. Removal, storage and other costs may be added to the amount secured by this Charge;

(i) **Performance of Your Covenants**. If you fail to perform any covenant or condition under this Charge, we may (but we are not obliged to) ourselves perform or cause to be performed the same at your expense. If we pay any taxes, utility accounts, charges, liens or other encumbrances, we shall be entitled to all equities and securities of the person or persons so satisfied and we may retain any discharge or cessation of charge unregistered until we are paid. We may rely on any statement of account or statement of non-performance which we reasonably believe to be correct without any subsequent challenge of any kind as to the correctness thereof by you.

We may exercise these rights and remedies from time to time separately or in combination and as often and in such manner as we see fit. They are in addition to and not in substitution for any other rights and remedies we may have at law, in equity or by statute, or under any other security or agreement with you.

33. **Matters Relating to the Sale of the Property**. The following terms shall apply to any sale:

(a) We may sell the whole or any part or parts of the Property by public auction or private contract, or partly one or partly the other;

(b) The sale may be conducted immediately upon the expiration of any redemption or reinstatement period required by law or at any time thereafter and we may delay the sale for such period of time as we consider to be in our best interest;

(c) We may sell on such terms as to credit and otherwise as shall appear to us most advantageous and for such prices as can reasonably be obtained and may make any stipulations as to title or evidence or commencement of title or otherwise which we consider appropriate;

(d) In the case of a sale on credit we shall be bound to pay you or any other person with a claim thereto or apply on account of the Principal Amount only such monies as have been actually received from the purchasers from time to time. After the satisfaction of all our claims, we are not bound to pay any amount to you or any other person claiming entitlement thereto until all such agreements and assurances as we consider fit have been executed and delivered;

(e) We may buy in or rescind or vary any contract for the sale of the whole or any part of the Property and resell without being answerable for loss occasioned thereby;

(f) Any person, including us, may bid on, tender for or purchase the Property at the sale;

(g) Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper. No want of any required notice or publication shall invalidate any sale or lease under this Charge and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the power of sale shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given; any person prejudiced by an unauthorized, improper or irregular exercise of the power shall have his or her remedy against the person exercising the power in damages only;

(h) Notice as provided for in this Charge shall be given to you in such manner and form and within such time as provided by the mortgages, land titles or other acts, as amended, in the province where the Property is located. Unless otherwise required, you agree that notice may be given by mailing it in a registered letter addressed to you or your legal representative at the last address known to us and shall be effective as of the date of mailing;

(i) All provisions of this Charge relating to a sale of the Property following default, including, without limitation, the persons to whom notice of exercising the power of sale shall be given and the manner of giving such notice, shall be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising any power of sale or other sale remedy. Wherever any such requirement may be waived or shortened, such requirement is hereby waived and shortened. Wherever there is a conflict between the provisions of this Charge relating to exercising such power of sale and the requirements of any law, the provisions of such law shall govern.

34. **Matters Relating to a Receivership**. The following provisions shall apply with respect to the appointment of any receiver:

(a) a statutory declaration of any of our officers as to default under the provisions of this Charge shall be conclusive evidence thereof;

(b) we may from time to time fix the remuneration of any receiver;

(c) our appointment of a receiver or anything which may be done by any such receiver or the removal of any such receiver or the termination of any such receivership shall not create any liability on our part to such receiver in any respect and shall not have the effect of constituting us a Chargee in possession in respect of the Property or any part thereof;

(d) the receiver shall be the irrevocable agent or attorney of you for the collection of all rents and other payments recoverable in respect to the Property, or any part thereof, whether in respect of any tenancies, licenses or other agreements created in priority to this Charge or subsequent thereto;

(e) the receiver shall have full power to manage, operate, amend, repair, alter or extend the Property or any part thereof in your name for the purposes of securing the payment of rental and other income from all or any part of the Property;

(f) the provisions of Section 32 with respect to a sale by us shall, to the extent applicable, apply to any sale by the receiver;

(g) the receiver shall have full power to complete any unfinished construction upon the Property in such manner with such modifications as to it appear fit;

(h) the receiver shall, so far as concerns responsibility and liability for its acts and omissions, be deemed to be your agent or attorney and not ours;

(i) the receiver shall not be liable to account to you for monies or damages other than cash received by it in respect of the Property and out of such cash every such receiver shall pay, in the following order:

   (i) all payments made or incurred by it in connection with management, operation, amendment, repair, alteration or extension of the Property or any part thereof;

   (ii) its remuneration;

   (iii)all payments necessary to keep in good standing or satisfy and discharge all charges, liens and other encumbrances on the Property prior to this Charge;

   (iv)interest, costs and other charges accruing due under this Charge, principal owing under this Charge and other amounts secured by this Charge, to be applied to such parts thereof and in such order as we see fit.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200623 Date

FEES, COSTS AND EXPENSES

35. **Servicing Fees**. You agree to pay to us servicing fees to cover our reasonable time and costs for administration of the Charge including without limitation, a fee or allowance for

(a) dealing with each late or missed payment and for replacement of each cheque or other instrument not honoured when presented for payment, or any preauthorized payment which does not clear as scheduled,

(b) preparing each assumption, arrears, reinstatement, discharge or other mortgage statement, whether provided to you, our agents or solicitors or any other interested person,

(c) processing each application to obtain our consent to assume the mortgage or our approval or consent for any other matter required by the Charge whether or not approval or consent is provided or the matter is completed,

(d) processing each extension, renewal, restructuring or other amendment of the Charge or amounts secured by the Charge, whether or not completed,

(e) investigating status of any insurance and administering insurance cancellations and paying insurance premiums,

(f) investigating status of realty tax payments and administering tax payments,

(g) registering a financing statement or financing change statement or issuing or receiving any notice or information, security status or acknowledgement request and conducting any required searches,

(h) registering electronically or otherwise or executing and delivering any discharge of this Charge (notwithstanding that the discharge may have been prepared by you or other person on your behalf),

(i) the personal time and trouble of our employees or agents in collecting any payment or inquiring into compliance or otherwise reviewing or dealing with or enforcing any other obligation contained in this Charge or instructing and assisting counsel or other agents with respect to the enforcement of this Charge and any litigation in relation thereto or in managing or selling the Property including, without limitation, with respect to taxes, condominium fees and matters, insurance, repair and construction, environmental matters, leases and other encumbrances, and

(j) generally, any matter connected with the proper administration of the Mortgage.

Our servicing fees shall be the amounts established and generally applied by us from time to time and may be disclosed in a Schedule to this Charge or ascertained upon inquiry to us.

36. **Costs**. You agree to pay us all amounts we expend and costs we incur in any manner in connection with this Charge including, without limitation, expenses in relation to:

(a) the making of the loan secured by this Charge and each amendment, thereof including preparation, execution and registration of the Charge and any other security, instrument and documents;

(b) collecting payments under and enforcing and realizing the security of this Charge;

(c) defending or otherwise dealing with any action or proceeding in which we by reason of the Charge may be a party or otherwise interested including without limitation any construction lien or similar matter, any foreclosure, sale, redemption, assessment or other action or proceeding by any other encumbrancer or any certificate of pending litigation or other title matter;

(d) performing or complying with any of your obligations under this Charge including, without restriction, those relating to insurance, condominium, repair and construction, leases, taxes, prior encumbrances and environmental matters.

All legal costs incurred by us will be paid by you in full (including legal fees as between the solicitor and his own client).

37. **Interest and Security for Fees and Costs**. All the above described fees and costs, allowances and expenses shall be secured by this Charge, shall bear interest at the Interest Rate from the date incurred or calculated by us and shall be payable by you forthwith on demand.

MISCELLANEOUS MATTERS

38. **Power of Attorney.** In the event of a default which is continuing, you hereby appoint us, or any other person whom we may designate as your attorney, with power to: sign your name on any notices of assignment, financing statements and other public records, and notices to or from anybody related to the Property; verify the validity, amount or any other matter relating to the Property by mail, telephone, telegraph or otherwise any party; do all things necessary to carry out a sale, leasing, refinancing or maintenance of the Property and all related documents; and on or after the occurrence and during the continuation of an event of default, notify the post office authorities to change the address for delivery of your mail addressed to you. You hereby ratify and approve all acts of the attorney. Neither we, nor the attorney will be liable for any acts or omissions or for any error of judgment or mistake of fact or law, except for gross negligence or

willful misconduct. This power is irrevocable.

39. **Severability.** Wherever possible each provision herein shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision herein shall be prohibited by or invalid under applicable law such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions hereof.

40. **Assignment.** We may assign or transfer any or all of the provisions hereof to anybody, without restriction, and without consent and any such transferee shall succeed to all of our rights and obligations with respect hereto. Upon such transfer, we shall be released from all responsibility hereunder to the extent same is assigned to any transferee. Any such assignee shall, subject to the terms of any agreement between us and such assignee, be entitled to the same benefits as us. You agree that each assignee may exercise any and all rights as fully as though you were directly obligated to such party.

41. **Spouse's Consent.** Your spouse so named herein hereby consents to the transaction evidenced herein and releases all interest in the Property to the extent necessary to give effect to our rights hereunder, and agrees that we may, without further notice, deal with the Property and the debt hereby created as we may see fit.

42. **Family Law Act, R.S.O. 1990.** You covenant and agree that

(a) you or the owner from time to time of the Property will advise and keep us advised as to whether you are a spouse as defined by Section 1(1) of the Family Law Act, R.S.O. 1990 (the Act), and, if so, the name of your spouse, and of any change in your spousal status or in the status of the Property as a matrimonial home within the meaning of the Act, and

(b) forthwith on request you will furnish us with such evidence in connection with any of the matters referred to in clause (a) above as you may from time to time require, including, without limitation, you and your spouse's name, address and birth date and you and your spouse's authorization to the Registrar under the Vital Statistics Act of Ontario to provide us from time to time on request all information in your possession relative to any marriage, divorce or death of you or your spouse, and on default the Principal Amount, interest and all other monies hereby secured shall, at our option, forthwith become due and payable.

43. **Tarion Obligation.** You hereby assign to us any and all rights to which you may be entitled to under the Tarion Warranty Programme.

44. **Delay, Waiver and Release of Property**.

(a) You agree that we may in our discretion at any time release any part or parts of the Property or any other security or any surety for the whole or any part of the Principal Amount, interest and other amounts secured by this Charge either with or without any sufficient consideration, without responsibility or liability to you and without releasing any other part of the Property or any person from this Charge or from any of the covenants and without being accountable to you for the value of such released Property, securities or surety, or for any money except that actually received by us. Every part or lot into which the Property is or may be divided does and shall stand charged with the whole of the Principal Amount, interest and other amounts secured by this Charge.

(b) We may delay in enforcing any of our rights under this Charge or the obligations secured or any agreement evidencing or securing the obligations secured without losing or impairing those rights. We can waive breach of your obligations under this Charge or under any related security or agreement without losing our rights in respect of any other breach of your obligations.

45. **Charge not a Substitute for any other Security**. You agree that this Charge shall not create any merger, rebate or discharge of any debt owing to us or of any lien, bond, note, instrument or other security now or subsequently held by us, whether from you or from any other party or parties and this Charge shall not in any way affect any security which may now or subsequently be held by us for the whole or any part of the Principal Amount, interest and other amounts from time to time secured by this Charge or the liability of any other person upon any such lien, bond, note, instrument or other security or contract or any renewal or renewals of the same held by us for or on account of the Principal Amount, interest and other amounts from time to time secured by this Charge or any portion thereof, nor shall our remedies be affected in any manner.

46. **Judgments**. If we obtain a court judgment against you for your failure to pay all or any part of the Principal Amount, interest and other amounts secured by this Charge or to perform any of your obligations to us under this Charge, the judgment will not result in a merger of any of your obligations under this Charge with the judgment or take away any of our other rights to enforce this Charge. We will continue to be entitled to receive interest on the Principal Amount, interest and the other amounts secured by this Charge at the Interest Rate, calculated and payable in the agreed way, and the judgment may so provide.

47. **Interpretation and Headings**. Wherever in this Charge the singular or masculine is used, the same shall be construed as meaning the plural or the feminine or the neuter where the context or the parties so require. The headings do not form part of this document and have been inserted for convenience of reference only. This Charge shall be interpreted, enforced and governed by the laws of the province in which the Property is located. If any provision of this Charge shall be prohibited by or invalid

under applicable law, such provision shall not invalidate the remaining provisions of this Charge. Nothing contained in this Charge shall require you to pay or for us to accept interest in an amount greater than that allowed by applicable law. In the event that the payment of interest or other amounts under this Charge would otherwise exceed the maximum amount allowed under applicable law or violate any law as to disclosure or calculation of interest charges, then your obligations to pay interest or other charges shall be reduced or amended to the maximum rate or amount permitted under applicable law.

48. **Joint Signatures**. If more than one person makes this Charge, each person who makes it is jointly and severally bound to comply with all obligations of the Chargor under this Charge.

49. **Statutory Covenants**. The covenants contained in this Charge are additional and supplemental to and in the case of any conflict override the covenants set out in any statute regarding charges, including in Ontario Section 7(1) of the Land Registration Reform Act, R.S.O. 1990, c. L.4.

50. **Demands and Notices**. Unless otherwise provided in this Charge or prohibited by law, where this Charge allows or requires us to make a demand on or give a notice to any person (including you), we may make the demand or give the notice by delivering it to the person at the Property or person's last known address or by mailing it by prepaid registered mail addressed to the person at the Property or the person's last known address or by sending it by telefacsimile to the person's last known number and, where the person is a corporation, by so delivering or sending it to the last known address or number of a director, officer, employee or attorney of the corporation.

A notice or demand so delivered will be regarded as given or made when it is so delivered. A notice or demand so mailed will be regarded as given or made on the day after it is mailed and a notice so sent by telefacsimile on the day sent, in each case whether the person actually receives it or not, and if the day of receipt is not a day we and lenders generally are open for business, then the next business day.

ASSIGNMENT OF RENTS

51. **Assignment of Rents**. You agree with us as follows:

(a) You assign and set over to us all monies payable from time to time under all licenses or other agreements in respect of any part of the Property, whether presently existing or arising in the future, together with the benefit of all covenants, terms and provisos contained in such license or agreement;

(b) You will provide us with copies of all agreements respecting the Property and you will notify us of any proposed agreement. You may not make any agreement to which we object in writing to you;

(c) Immediately after making any license or agreement respecting any part of the Property, you will on our request execute and deliver to us an assignment in our usual and registrable form of all monies payable under such agreement, the benefit of all covenants, agreements and provisos contained in such agreement on the part of the user or guarantor to be observed and performed and the reversion of such agreement, and you will also execute and deliver to us all such notices and other documents as may be required in order to render such assignment effectual in law;

(d) Nothing shall make us responsible for the collection of monies payable under any license or agreement in respect of any part of the Property or for the performance of any covenants, terms or conditions contained in any such agreement. Neither you or we will cause the tenant, licensee, user or guarantor under the agreement to pay rent or monies to us unless and until you are in default;

(e) We shall not by virtue of this assignment or collection of any rents or monies thereunder be deemed a mortgagee in possession of the Property. You will perform and observe all of the landlord's covenants and obligations contained in each agreement and will not collect rents more than one month in advance (other than monies held as security deposits);

(f) We shall be liable to account for only such monies as actually come into our hands, less reasonable collection charges and all expenses, and may hold such monies in a collateral account and may apply such monies to the repayment of the Principal Amount, interest and other amounts secured by this Charge as we see fit; and

(g) Notwithstanding anything contained in this Charge, no agreement respecting any part of the Property shall have priority over this Charge without our consent in writing.

GUARANTEE

52. **Guarantee**. Each person signing or joining in the Charge as a Guarantor agrees in consideration of our making the loan to you, as follows:

(a) The Guarantor, with you, as principal debtor and not as surety will duly pay or cause to be paid all amounts payable under this Charge on the days and times and in the manner provided for payment of the same;

(b) The Guarantor unconditionally guarantees full performance and discharge of all your obligations under the provisions of this Charge at the times and in the manner provided in this Charge;

(c) The Guarantor indemnifies and saves us harmless from and against all losses, damages, costs and expenses which we may sustain, or incur or be or become liable for by reason of:

  (i) the failure for any reason whatsoever by you to pay the amounts payable under this Charge or to do and perform any other act, matter or thing required by the provisions of this Charge; or

  (ii) any act, action or proceeding, of or by us, for, or in connection with, the recovery of the amounts payable under this Charge by you, or enforcing the performance by you or any other person liable under this Charge of any act, matter or thing required by the provision of this Charge;

(d) We shall not be obliged to proceed against you or any other person liable under this Charge or to enforce or exhaust any security before proceeding to enforce the obligations of the Guarantor set out in this paragraph and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any of your debts or obligations under this Charge or the enforcement of any security for any such debt or obligation;

(e) We may, without notice to and the consent or approval of the Guarantor, grant extensions of time for payment, make renewals, increase, vary and amend the Interest Rate, the Principal Amount and other terms of the Charge and the indebtedness secured by the Charge, release the whole or any part of the Property or other security from this Charge, or otherwise deal with you, any of the indebtedness secured by this Charge or the Property or other security as we see fit without releasing or lessening the liability of the Guarantor;

(f) The Guarantor agrees to be bound by each such renewal, variation and amendment of any terms of the Charge we make with you and each reference to the Charge in this Guarantee paragraph shall mean the Charge as so renewed and amended from time to time, regardless of whether made with or without the knowledge, consent or approval of the Guarantor;

(g) No delay or carelessness or neglect by us in asserting any of our rights, nor the loss of any right by operation of law, nor the loss or destruction of any security, nor the lack of validity or enforceability of all or any part of this Charge or any other security held for or any document evidencing any part of the indebtedness or liability secured by the Charge will in any way release or lessen the liability of the Guarantor;

(h) The Guarantor has read this Charge and is fully aware of and agrees with its terms and in particular, the terms of this Guarantee;

(i) Where there is more than one Guarantor, each Guarantor is jointly and severally responsible under this guarantee with the other Guarantor(s) and you;

(j) We may serve notice on the Guarantor and any notice to the Guarantor shall be deemed received in the same manner as provided for notice to you in this Charge.

DATED the 12 day of June, 2006

RELIANT HOME MORTGAGE CANADA INC.
by its solicitors, Torkin Manes Cohen Arbus, LLP
Per:
Leonard Rodness

FILED: ________________

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200624 Cote
Filing Date June 16t 2006 Date de Dépôt
Page 1 of/de 25 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

Filing No.

filed by – Bridgewater Bank

STANDARD CHARGE TERMS

These STANDARD CHARGE TERMS shall be deemed to be included in every Charge/Mortgage which refers to them by their filing number, as provided in section 9 of the above Act.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200624 Cote

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200624 Date

1. DEFINITIONS/TERMS YOU NEED TO KNOW

The following are used with particular meanings in this set of mortgage terms:

(a) **CMHC** means Canada Mortgage and Housing Corporation.

(b) **guarantor** means each person who signs the mortgage as a guarantor or covenantor.

(c) **interest adjustment date** is the date identified as the interest adjustment date in the registered mortgage.

(d) **interest rate** is the interest rate identified as the interest rate on the registered mortgage.

(e) **loan amount** means the amount of money you owe us at any given time under this mortgage. The loan amount may include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other charges and interest on other charges. Other charges may include our administration and processing fees and the expenses of enforcing our rights as well as paying off any prior charges against your property.

(f) **mortgage** means the registered mortgage, this set of standard charge mortgage terms, any schedules that are attached to the registered mortgage and any renewals or amendments.

(g) **mortgage insurer** means CMHC, Genworth Financial Insurance Company Canada or other company that insures payment of mortgages to mortgage lenders.

(h) **prime rate** means, on any day, the annual rate of interest which the Royal Bank of Canada establishes at its principal office in Toronto as the reference rate of interest to determine interest rates it will charge on such day for commercial loans in Canadian dollars made to its customers in Canada and which it refers to as its "prime rate of interest".

(i) **principal amount** is the amount of money identified as the principal amount on the registered mortgage.

(j) **registered mortgage** means the form of charge or mortgage which references this set of terms by its filing number and which you sign and is the part of the mortgage that is or will be registered against the title to your property or, where your property is under the electronic registration system, will be signed and registered electronically against title to your property.

(k) **taxes** means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

(l) **we**, **us**, and **our** mean the mortgagee or chargee described in the registered mortgage.

(m) **you** and **your** mean each person, corporation and other entity who has signed the mortgage as a chargor, mortgagor or borrower, including the personal and legal representatives of each person, corporation and other entity.

(n) **your property** means the land described on the registered mortgage. It includes all buildings and structures on the land now or added later, as well as anything attached now or later to the land or to any building or structure on the land. It also includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit or strata lot, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium or strata corporation. Any references to your property mean all or any part of your property.

2. WHAT THE MORTGAGE DOES

2.1 Generally

(a) By signing the registered mortgage, you mortgage and charge your entire interest in your property to us. If you are a tenant or a lessee of your property, you charge and sublease your entire interest in your property to us for the entire term of the lease (except the last day), including any renewals and any option or right of first refusal to purchase.

(b) In return, we make a loan to you for the principal amount, or any part of the principal amount as is advanced to you from time to time. Your interest in your property is security to us for repayment of the loan amount and your performance of all your obligations under the mortgage.

(c) If you have paid off part of the principal amount, we may, but have no obligation to, allow you to borrow additional amounts up to a maximum of the difference between the loan amount and the principal amount. You must meet our then current lending requirements. All additional amounts borrowed are secured by the mortgage in the same priority and bear interest at the rate of the mortgage in effect at that time.

(d) Our interest in your property ends when you have repaid the loan amount in full, as provided in the mortgage, and you have met all of your other obligations under the mortgage.

2.2 Who is bound by the mortgage

(a) The obligations under the mortgage are the responsibility of each person, corporation and other entity who signed it. Even if other persons, corporations or other entities have also signed the mortgage, each borrower and guarantor is responsible for meeting all obligations in the mortgage and paying the entire loan amount.

(b) Your legal and personal representatives and anyone else to whom your property is transferred must also meet the obligations in the mortgage.

(c) Our successors and anyone to whom we transfer the mortgage is also bound by it.

2.3 Building mortgage

If the mortgage is used to finance an improvement (which includes any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you must comply with the requirements set out below:

(a) You must make the improvement only according to plans and specifications that we have previously approved.

(b) You must complete the improvement as quickly as possible.

(c) You must meet all government requirements and building standards that apply to your property. If requested, you will provide us, at your expense, with proof that you have met all government requirements and building standards that apply to your property.

(d) You will pay for all expenses associated with the improvement and provide us with proof that you have paid all money that is owed in connection with the improvement.

(e) We may make advances to you based on progress in completing the improvement or upon its completion. In the case of a building, we may also make advances to you based on its occupancy or the sale of the building.

(f) We may hold back money from any advances until we are satisfied that all obligations under the *Construction Lien Act, Builders Lien Act* or similar legislation regarding payment for contractors and suppliers applicable in the province or territory where your property is located are met. You authorize us to give information about the mortgage to anyone who claims a construction or builders' lien on your property.

(g) We may obtain an order removing any construction or builders' lien, and may provide financial guarantees or other security to obtain such an order. You must immediately pay all of our expenses for obtaining this order, including any charges for providing financial guarantees or other security.

2.4 Changing the mortgage – renewals and amendments including automatic renewals

(a) We may, at our option and by agreement with you in writing, change any part of the mortgage. This change could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage.

(b) The mortgage may also be automatically renewed where before the balance due date we send to you a notice offering to renew the outstanding loan amount at certain rates and terms and you do not respond in writing accepting one of the renewal terms offered, or you do not pay the loan amount in full or you have not made other arrangements for payment or extension with us on or before the balance due date. In that circumstance, you agree the mortgage will be renewed for the term and at the rate for automatic renewal we set out in the renewal notice we send you.

(c) We do not have to register any such written agreement with you on the title to your property to retain our rights under the mortgage against you or any other person including our priority over any other mortgage.

(d) If we make a new agreement with another borrower or person who is obligated to pay the loan amount, you will not be released from your obligations under the mortgage, even if you do not sign or are not advised of the new agreement.

(e) You do not have a right to renew the mortgage. Renewal of the mortgage is at our discretion.

3. INTEREST

3.1 Interest for fixed rate mortgage

(a) If you have a fixed rate mortgage, the interest rate payable by you is shown on the registered mortgage or on the schedule attached to the registered mortgage.

(b) Interest is payable at the frequency shown on the registered mortgage and is calculated semi-annually, not in advance.

(c) Interest is payable on the loan amount at this rate until the loan amount has been paid in full, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.2 Interest for adjustable rate mortgage

(a) If the rate on the registered mortgage refers to the prime rate, you have an adjustable rate mortgage. The interest rate payable by you is the prime rate plus or minus the number of percentage points per annum, if any, shown on the registered mortgage. The interest rate is automatically adjusted monthly on the first day of each month, starting on the month following the interest adjustment date without any notice to you (every date on which such adjustment is made is referred to in this section 3.2 as an "adjustment date"). On each adjustment date, the interest rate for the month will be adjusted and set to the prime rate then in effect, plus or minus the number of percentage points, if any, as shown on the registered mortgage. Within a reasonable time after each change in the interest rate, we may mail to you, at your last known address according to our records, a notice of the changed interest rate and its effective date. The interest rate will vary in accordance with this section even if we fail to send this notice or you fail to receive it.

(b) Interest is payable at the frequency shown on the registered mortgage and is calculated semi-annually, not in advance.

(c) Interest is payable on the loan amount at the rate as determined in accordance with this section, until the loan amount has been paid in full, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.3 Interest on amounts advanced before the interest adjustment date

Interest on advances before the interest adjustment date will be calculated at the interest rate of the mortgage and at our option will be deducted from any part of the principal amount we advance or paid by you to us or debited by us to your bank account monthly with the final payment on the interest adjustment date.

3.4 Compound interest

If you do not make the regular mortgage payment or any other payment when required by the mortgage, we will charge interest (referred to as "compound interest") on all overdue amounts, including unpaid interest. Compound interest is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand it, you must pay us this compound interest immediately. Compound interest is calculated at the interest rate of the mortgage.

4. YOUR REGULAR MORTGAGE PAYMENTS

4.1 Currency and place of payment

Except as provided in Section 4.5, you will pay the loan amount to us in Canadian dollars at the address shown on the registered mortgage or as you may be notified in writing.

4.2 Regular payments

(a) **If the interest rate of the mortgage is a fixed rate**, the amount of each regular payment, which includes principal and interest, is as shown on the registered mortgage.

(b) **If the interest rate of the mortgage is an adjustable rate**, the amount shown on the registered mortgage, which includes principal and interest, is the payment that would have to be made based on the rate in effect at the time the mortgage is made.

Your regular payment amount will be adjusted with changes in the interest rate as follows:

(i) The amount of each regular payment will change with each adjustment in the interest rate to an amount sufficient to pay all interest that will accrue up to and including the next payment date, plus the amount of principal we determine is required to be paid to maintain the amortization of the mortgage, as adjusted for any prepayments you may have made. This amount will be your new regularly scheduled payment amount until the payment amount is again changed following an adjustment in the interest rate. This applies to your mortgage unless when the mortgage is made or by subsequent agreement we agree with you that your payment amount will change as set out in (ii) below.

(ii) The amount of each regular payment is fixed and will change only in the event the interest rate is adjusted to an amount that your regular payment will no longer pay the interest that will accrue to the next payment date.

Therefore, if the interest rate decreases, less of your regular payment goes toward paying interest and more goes toward paying off the principal amount. Conversely, if the interest rate increases, more of your regular payment goes toward paying interest and less goes toward paying off the principal amount.

If the interest rate does increase to the point that your regular payment amount no longer covers the interest portion of your regular payments, we will automatically increase your regular mortgage payment by increments of three dollars ($3.00) until the payment amount covers all accrued interest since your last payment. Your regular payment will remain at the increased amount for the rest of the term of the mortgage, unless we agree with you on a new amount or after a further adjustment in the interest rate your regular payment again falls short of covering the interest portion of your payment.

(c) You must make these regular payments on the dates set out in the registered mortgage, starting with the first payment date up to and including the balance due date.

4.3 **Changing the frequency of your regular payments**

(a) At your request we may permit you to change the frequency of your regular payments to weekly, bi-weekly, semi-monthly or monthly. A weekly payment is equal to ¼ of a monthly payment and is payable every seven (7) days. A bi-weekly payment is equal to ½ of a monthly payment and is payable every fourteen (14) days. A semi-monthly payment is equal to ½ of a monthly payment and is payable on the first and fifteenth day of every month.

(b) On a change of payment frequency an interest adjustment amount may be payable and we may charge an administration and processing fee. Such amounts shall be immediately payable or may at our option be added to the loan amount.

(c) In addition to any other remedy we might have under the mortgage, if you have changed your payment frequency to weekly, bi-weekly or semi-monthly and you are in default of payment of an amount which exceeds two (2) weekly payments, or one (1) bi-weekly or semi-monthly payment as applicable, your payment frequency will, at our option without prior notice to you, revert to the monthly payment frequency set out in the registered mortgage. Any interest adjustment amount will be immediately payable or, at our option, added to the loan amount.

(d) Amounts payable on account of taxes and insurance with your regular mortgage payment will at all times be payable at the same frequency and calculated in the same manner as your regular payments.

4.4 **Payment of loan amount on balance due date**

You must pay any outstanding balance of the loan amount on the balance due date shown on the registered mortgage.

4.5 **Bank account for payments**

You must maintain a bank account with a bank, trust company or credit union in Canada and provide authorization in a form satisfactory to us to automatically debit each regular payment and any other payments when due. You must make sure that the account always contains sufficient funds to make each payment. If you do not maintain sufficient funds in the account, or if you cancel the authorization to debit payments, or if you close the account, we may declare you to be in default on your mortgage.

4.6 **How we apply your payments**

We will apply regular payments we receive from you in the following order: (a) to pay life insurance premiums on the mortgage (if applicable); (b) to bring into good standing any accounts related to the mortgage in which we hold funds for payment to others or from which amounts are debited, including tax accounts (if applicable); (c) to pay any collection expenses and applicable administration and processing fees; (d) to pay interest accumulated up to, but not including, the payment date; and (e) to reduce the principal amount. However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive in whatever order we choose.

5. HOW THE MORTGAGE CAN BE PAID OFF EARLIER

5.1 Partial prepayment without a prepayment charge

You may pay off some of the mortgage early without prepayment charges as follows:

(a) *Increase Regular Payments.* You may increase the amount of your regular payment at any time or times. The total of these increases during the term of the mortgage cannot be more than twenty percent (20%) of the original regular payment amount.

(b) *Annual 20% prepayment.* You may in each year of the mortgage prepay without penalty an amount not greater than twenty percent (20%) of the original principal amount of the mortgage. You may make more than one prepayment in a year, but the total of all prepayments cannot be more than twenty percent (20%) of the original principal amount and each prepayment must be for an amount no less than five hundred dollars ($500.00). If you do not prepay 20% of the original principal amount in a year, you cannot carry forward any unused portion to a future year.

5.2 Prepayment with a prepayment charge

You may pay off more of the mortgage early or pay out all of the mortgage with payment of a prepayment charge as follows:

(a) *Full prepayment – mortgages with a term of 3 years or less.* If the mortgage has a term of three (3) years or less, you may prepay the mortgage in full at any time upon payment of a prepayment charge equal to the greater of (i) the amount that is the difference in the interest calculated on the outstanding principal amount over the remaining term of the mortgage between (A) the mortgage interest rate and (B) the yield of a Government of Canada Bond with the same remaining term as determined by us, and (ii) three months interest at the mortgage interest rate, calculated on the outstanding principal amount.

(b) *Full or part prepayment – mortgages with a term of more than 3 but not more than 5 years.* If the mortgage is for a term of more than three (3) years but not more than five (5) years, you may:

(i) at any time during the first three (3) years of the mortgage, prepay the mortgage in full upon payment of a prepayment charge equal to the greater of (i) the amount that is the difference in the interest calculated on the outstanding principal amount over the remaining term of the mortgage between (A) the mortgage interest rate and (B) the yield of a Government of Canada Bond with the same remaining term as determined by us, and (ii) three months interest at the mortgage interest rate, calculated on the outstanding principal amount; and

(ii) at any time after the third (3rd) year of the mortgage prepay the mortgage in full or in part upon payment of a prepayment charge equal to three months interest on the amount prepaid calculated at the then current interest rate of the mortgage.

(c) *Full or part prepayment – mortgages with a term of more than 5 years.* If the mortgage is for a term of more than five (5) years, you may:

(i) at any time during the first five (5) years of the mortgage, prepay the mortgage in full upon payment of a prepayment charge equal to the greater of (i) the amount that is the difference in the interest calculated on the outstanding principal amount over the remaining term of the mortgage between (A) the mortgage interest rate and (B) the yield of a Government of Canada Bond with the same remaining term as determined by us, and (ii) three months interest at the mortgage interest rate, calculated on the outstanding principal amount; and

(ii) at any time after the fifth (5th) year of the mortgage prepay the mortgage in full or in part upon payment of a prepayment charge equal to three months interest on the amount prepaid calculated at the then current interest rate of the mortgage.

5.3 How You Prepay Your Mortgage in Full

If you want to prepay your mortgage in full, you must ask us to provide you with a statement of the required payment amount. You can specify the date you want to make the full prepayment. That date cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the payout date and the date you ask us to prepare the statement is called the statement preparation date.

We will calculate the applicable prepayment charge using the interest rate of the mortgage in effect and the Canada Bond yield reported as the wholesale bid side yield at the opening of business at Toronto on the statement preparation date. We will also first allow the amount, if any, of the annual 20% prepayment privilege you have not used in that year. The prepayment charge will not vary with any change in the prime rate (if you have an adjustable rate mortgage) or the Canada Bond yield during the 30 day statement period.

All payments on the mortgage must be made as they become due during the statement period. The statement cannot be used for payment more than 30 days after the statement preparation date.

5.4 Prepayments generally

In order to qualify for any of the early payment options set out in sections 5.1 and 5.2, you must have met all your obligations under the mortgage. For these early payment options, a year means the twelve (12) month period that starts on the interest adjustment date and on each anniversary of the interest adjustment date. Each partial prepayment under any partial prepayment option (other than by increase in your regular payment amount) must be in a minimum of at least $500.00.

After each partial prepayment made, you must continue to make your regular mortgage payments.

6. CASH BACK MORTGAGE

If you receive a Cash Back amount as an incentive on the making of the mortgage by way of a cash payment or a discount on the interest rate calculated over the term of the mortgage, you must repay us all or a portion of the Cash Back received if you prepay the loan amount in full or the mortgage is amended, refinanced, ported, assumed or early renewed. If such an event occurs, the repayment amount will be:

(a) if your mortgage is for the term of five (5) years:

(i) one hundred percent (100%) of the Cash Back received, if the event occurs prior to the first anniversary of the interest adjustment date;

(ii) eighty percent (80%) of the Cash Back received, if the event occurs prior to the second anniversary of the interest adjustment date;

(iii) sixty percent (60%) of the Cash Back received, if the event occurs prior to the third anniversary of the interest adjustment date;

(iv) forty percent (40%) of the Cash Back received, if the event occurs prior to the fourth anniversary of the interest adjustment date;

(v) twenty percent (20%) of the Cash Back received, if the event occurs prior to the fifth anniversary of the interest adjustment date.

(b) if your mortgage is for a term of three (3) years:

(i) one hundred percent (100%) of the Cash Back received, if the event occurs prior to the first anniversary of the interest adjustment date;

(ii) sixty seven percent (67%) of the Cash Back received, if the event occurs prior to the second anniversary of the interest adjustment date;

(iii) thirty three percent (33%) of the Cash Back received, if the event occurs prior to the third anniversary of the interest adjustment date.

This repayment is separate from other prepayment charges. We may add the repayment amount to the loan amount owing and secured by the mortgage at the time of the prepayment, amendment, discharge, refinancing, port, assumption or early renewal.

7. CONVERTING THE MORTGAGE

7.1 Converting adjustable rate mortgages and variable rates mortgages

If the interest rate of the mortgage is an adjustable rate, you may convert the mortgage to another closed mortgage offered by us if: (i) you have always met your obligations under the mortgage and (ii) the term of the mortgage you are converting to is equal to or greater than the remaining term of this mortgage. The mortgage will be converted when you send to us a request in writing. The request should be sent to our address as shown on the registered mortgage or to such other address as we may later advise you in writing. The interest rate for the converted mortgage will be our posted interest rate in effect on the date the written request for conversion is received by us. The conversion will take effect on the next adjustment date (as that term is defined in section 3.2) following receipt by us of the written request for conversion, provided that we receive your request at least ten (10) business days prior to that adjustment date. If we receive your request less than ten (10) business days prior to an adjustment date, the conversion will take effect on the next following adjustment date. Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply. Any prepayment privileges will be contained in the converted mortgage. You will be responsible for the payment of our then current administration and processing fee for converting the mortgage.

8. PORTABILITY - MOVING THE MORTGAGE TO ANOTHER PROPERTY

8.1 Generally

If you have met all your obligations under the mortgage and you have agreed to sell your property and purchase another property within sixty (60) days of the sale of your original property, we may provide financing for the purchase of the new property. You will be required to give us a mortgage on your new property.

8.2 Conditions

In order for us to provide financing for the purchase of the new property, the following conditions must be met:

(a) You must apply to us for financing the new property in writing.

(b) The term of the new mortgage must be equal to the remaining term of this mortgage.

(c) The sale of your original property must be to a bona fide arm's length purchaser.

(d) On the date you complete the sale of your original property, the loan amount must be paid in full, including all applicable prepayment charges.

(e) If the principal amount of the new mortgage is the same as or greater than the principal amount still owing on the original mortgage on the date of prepayment and the new mortgage is advanced to you within sixty (60) days of the prepayment of the original mortgage, we will refund the prepayment charge to you.

(f) If the principal amount of the new mortgage is less than the principal amount still owing on the original mortgage on the date of prepayment and the new mortgage is advanced to you within sixty (60) days of the prepayment of the original mortgage, we will refund to you that portion of the prepayment charge which relates to the portion of the principal amount still owing on the original mortgage on the date of prepayment which is equal to the principal amount of the new mortgage.

(g) Our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage must be met. This includes the requirements of the mortgage insurer, if applicable.

(h) You must pay all applicable processing or administration fees, all legal and appraisal fees and other expenses incurred in connection with the new mortgage.

8.3 Interest rate of new mortgage

The interest rate applicable to the original mortgage and the balance due date of the original mortgage will apply to the new mortgage.

9. ASSUMPTION OF THE MORTGAGE IF YOUR PROPERTY IS SOLD

(a) If you transfer title, or agree to transfer title, to your property to anyone without first obtaining our written approval, we may require you to pay the loan amount immediately in full. If we accept any payment from any person who we have not first approved in writing, this does not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount immediately in full.

(b) You agree to give us sufficient information to enable us to decide whether we should give our written approval. Once we receive this information, we will make our decision as soon as possible. We will not unreasonably withhold our approval.

(c) If you exercise this privilege, there may be an administration and processing fee. You must pay us these fees immediately.

(d) We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if: (i) we give our written approval to you to transfer title to your property; (ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and (iii) you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons, and, if we request it, one or more guarantee agreements.

10. YOUR PROMISES AND OBLIGATIONS

10.1 Payments

(a) You agree to pay the loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage. Should you make any claim against us for any matter relating to the mortgage or life insurance or other insurance for payment of all or any part of the loan amount, you will provide such claim without abatement or set-off or otherwise diminishing your obligation to make all payments as they become due.

(b) You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately.

10.2 Your property and the mortgage

(a) You certify that you have the right to give us this mortgage.

(b) Unless you are a tenant of your property and Section 10.3 applies, you certify that you are the lawful owner of your property.

(c) You certify that there are no encumbrances or limitations affecting title to your property (such as other mortgages, or construction or builders' liens), except those that we have agreed to in our loan commitment document and except building and zoning by-laws that you have complied with.

(d) You agree that, at your expense, you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured.

(e) You will take any necessary action to protect your title to your property and will not interfere in any way with our interest in your property.

10.3 Properties which you lease from others

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

(a) Your property is leased to you under a valid lease, you have given us a complete copy of that lease, and you have good leasehold title to your property.

(b) All rents and other amounts payable under the lease have been paid up to the date you sign the mortgage.

(c) You have met all of your obligations under the lease up to the date you sign the mortgage.

(d) Your landlord has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence (in writing and satisfactory to us) that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you.

(e) There are no liens or limitations on your interest in the lease except those identified in the lease, or registered against the title to your property, or contained in building and zoning by-laws.

(f) You and your landlord have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.

(g) You will pay all rents and all other payments required by the lease when they are due.

(h) You will meet all of your other obligations under the lease.

(i) You will not surrender your lease or cause the lease to be terminated.

(j) You will not make any change in the lease without first obtaining our written consent.

(k) You will give us a copy of any notice, demand or request that you receive relating to the lease. You must give this to us immediately after you receive it.

(l) You will protect and indemnify us from all actions, claims, costs and demands if you default on the lease.

(m) You will hold your property for the last day of the term of the lease, or the last day of any renewal term of the lease, in trust for us. You will only deal with your property on the last day in the way that we require. You will have the same rights arising from this paragraph of your mortgage as you already have under the rest of the mortgage and under the law. You agree that we may remove you or any other person as trustee of this trust, and that we may appoint a new trustee.

(n) At our request, you will transfer to us the last day of the term of the lease, or the last day of any renewal term of the lease. You must pay all expenses related to this transfer.

(o) If we enforce our rights under the mortgage, including selling your property under power of sale, then you will hold the last day of the term of the lease, or the last day of any renewal term of the lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors.

(p) You appoint us as your attorney so that we may assign the lease and the last day of the term of the lease, or the last day of any renewal term of the lease, on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under the mortgage, including our right to sell your property under power of sale.

10.4 No other mortgages without consent

You agree that you will not make another mortgage on your property and not use your property as security for any other debt without our prior written approval.

10.5 Owner-occupied properties

If the mortgage is approved by us for occupancy of your property by you and your family as your residence, you certify that no part of your property is rented or occupied by a tenant. You also agree not to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease on your property.

10.6 Rental properties

(a) If your property is a rental property, you must obtain our consent to any rental or any renewal. You must also assign to us all leases, lease agreements and any renewals, and all rents payable under these leases and agreements, and all rights under these leases and agreements as they affect your property.

(b) You transfer and assign to us all leases, lease agreements and renewals, all rents payable under the leases and agreements and all rights contained in the leases, lease agreements and renewals that affect your property.

(c) Upon our request:

  (i) You will obtain and provide for estoppel certificates from tenants (i.e. written statements from the tenants certifying, among other things, the terms of the lease and any promises made to them about the lease).

  (ii) You will give us security on fixtures, equipment and other movable property or chattels relating to the rental property as we may require.

  (iii) You will pay all of our expenses related to the assignments and additional security, including legal fees and registration costs.

(d) If you do not meet one or more of the obligations set out in this section, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the loan amount immediately and in full. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

(e) We are not obligated to collect any rent or income from your property nor to comply with any part of a lease or agreement related to your property. Furthermore, nothing we do under this section will be considered as us taking possession of your property.

(f) If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property and/or be considered to have done this to adversely affect the value of our interest in your property.

10.7 Property taxes

(a) You will ensure property taxes are always paid on time. You will ensure such payment by enrolling, where available, in a local Tax Instalment Payment Program which includes preauthorized debit of tax instalments to your account. You must then each calendar year, after the last tax payment has been made, provide to us receipted tax bills or other satisfactory proof of payment of property taxes. This is your obligation unless we choose to pay taxes as set out in parts (b) and (c) of this section below.

(b) On or before the interest adjustment date, we may withhold from any advance under the mortgage or require you to pay out of any advance of the mortgage any amount we feel necessary to pay current or anticipated future taxes.

(c) We may at any time on notice to you require that you pay to us on each regular mortgage payment date a tax instalment in an amount based on the estimated annual taxes (as determined by us) sufficient for us to pay the taxes for the ensuing year. In the event we require such tax instalments:

(i) You will pay the instalment on account of taxes on each regular mortgage payment date.

(ii) If the taxes on your property are more than our estimate, or if for any other reason the amount you have paid to us for taxes is less than the amount we have paid for taxes on your property, you will pay us interest at the mortgage rate on the difference and will immediately pay us the difference when we ask you to.

(iii) You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices.

(iv) If you want to take advantage of any discount or avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

(v) We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

(vi) If you do not meet any one or more of your obligations under the mortgage, we may apply any money that we have received for property taxes to any portion of the loan amount.

(vii) You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

10.8 **Insurance (this section does not apply if your property is a residential condominium unit or strata lot)**

(a) You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid. Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

(b) All insurance policies must be carried with a company that is satisfactory to us, contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us, and give us the first right to receive and to have a lien on the insurance proceeds.

(c) If we ask you to, you must provide us with certified copies of all insurance policies. At least fifteen (15) days before any insurance policy expires, you must provide us with evidence that you have renewed the policy.

(d) If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately.

(e) If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under the mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. For example, we may use part or all of the insurance money to repair or rebuild your property, reduce any part of the loan amount, whether it is due or not, including paying any prepayment charges that are payable, or pay you.

10.9 **Repairs**

(a) You must keep your property in good condition and in a good state of repair. You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

(b) You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

(c) If you do not keep your property in good condition and a good state of repair or if you do not carry out all necessary repairs, or if you do anything, or you allow anything to happen, that lowers the value of your property, or if you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property, we can make any repairs we think are necessary.

(d) You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

(e) You are responsible for the costs of any repairs and any inspections done by us or on our behalf. You must pay us these costs immediately.

10.10 Demolitions and alterations

You agree not to demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval. You also agree not to make any substantial alterations, additions or improvements to your property (referred to collectively in this section as "alterations") without first obtaining our written approval of your proposed plans. If we agree to let you make alterations, the following conditions apply:

(a) The alterations must be completed as quickly as is reasonably possible.

(b) The alterations must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the alterations meet all government requirements and building standards.

(c) You will pay all costs associated with the alterations, and you will provide us with proof that all amounts that are owed for the alterations have been paid.

(d) You must retain all required holdbacks.

(e) We may obtain an order removing any construction or builders' lien and may provide financial guarantees or other security to obtain this order. If we obtain an order, you must pay to us immediately all of our charges, costs and expenses related to obtaining it.

10.11 Hazardous and illegal substances

(a) You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property or any land next to your property is, or has been, or will be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

(b) You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

(c) We may require you to obtain an environmental audit, satisfactory to us, of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. Any environmental audit will not relieve you from your obligations under the mortgage. We can require as many environmental audits as we think necessary.

(d) If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must be prepared in consultation with us and must be approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

(e) If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for all of the costs associated with this.

(f) In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

10.12 Property inspection, testing and investigation

(a) We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately.

(b) If your mortgage has mortgage insurance, the mortgage insurer or its agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the costs of any testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately.

(c) If we or the mortgage insurer enforce our rights under this section, we, the mortgage insurer or our respective agents will not be considered to have taken possession, management or control of your property.

10.13 Illegal activities

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

10.14 Administration and processing fees

(a) You agree to pay to us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, or statements for information purposes, a transfer of the mortgage to another party, any failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account, any replacement of cheques if a payment has been refused because of insufficient funds, or any other reason related to the administration of your mortgage. You also agree to pay us, when due, our then current fees for providing any services of an administrative or clerical nature requested by you, such as courier charges, copies of documents from your file or duplicate documents.

(b) We may add our fees to the loan amount secured by the mortgage and we will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

(c) We have the right to change the fees we charge from time to time without notifying you. You can contact us to find out the fees in effect at any particular time.

10.15 New home warranties

If your property includes a newly or recently constructed house, you agree to meet all of the requirements to obtain and maintain the warranty in the new home warranty program applicable in the province or territory your property is located. You agree to provide to us copies of the New Home Warranty Certificate and Certificate of Possession or other applicable certificates. You also agree to reimburse us for any costs that we incur in complying with the warranty program requirements, or enforcing your rights on your behalf if you fail to do so.

10.16 Assumption of mortgage

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage.

10.17 Expropriation

If your entire property is expropriated, the loan amount will immediately become due and payable, together with loss of interest, including any prepayment charges. If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, together with any loss of interest, including any prepayment charges.

10.18 Spousal information

You certify to us that all information that you give us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made in the registered mortgage are true and accurate under the laws regarding spousal property rights in the province or territory in which your property is located.

10.19 Withholding taxes

You agree that we must receive interest payments free and clear of any withholding tax. If you are or become a non-resident of Canada for income tax purposes, the country where you reside may charge you withholding tax on the interest portion of your payments to us. You are responsible for paying any withholding tax and providing to us receipts issued by the foreign tax authority as proof that you have paid withholding tax. If you do not pay the withholding tax and the foreign tax authority makes us pay it, you promise to pay the withholding tax amount to us when we ask for it. The amount will be added to the loan amount until paid.

11. OUR RIGHTS AND REMEDIES

11.1 No obligation to make advances under the mortgage

We may, for any reason, decide not to advance you all or any part of the principal amount, even if you have signed the mortgage, the mortgage has been registered or we have already given you part of the principal amount. In this case, you will pay us, immediately when we demand, all of our costs and expenses including legal fees related to investigating title to your property and for registering the mortgage.

11.2 Releasing your property from the mortgage

(a) We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive. If we release our interest in only part of your property, the remainder of your property will continue to secure the loan amount and your obligations, and the obligations of any guarantor, under the mortgage will continue unchanged.

(b) If your property is subdivided, each part of your property will secure payment of the loan amount.

11.3 Certain actions we can take

(a) We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. You must immediately pay us these expenses.

(b) If you are a tenant or a lessee of your property, we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses that we incur in so doing. If you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage.

(c) If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. You must immediately reimburse us for all payments which we make and costs which we incur in taking these steps.

(d) Any payments we make under the mortgage will be added to the loan amount. We will charge you interest on these payments from the date we pay them at the mortgage interest rate.

(e) If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs associated with so doing.

11.4 Default and acceleration of the loan amount

The loan amount will become payable immediately, at our option, if:

(a) you default in making any regular mortgage payment, or any other payment you are obliged to make to us under the mortgage;

(b) you fail to comply with any of your other obligations under the mortgage;

(c) any lien is registered against your property or we receive written notice of any lien that is created as a result of unpaid property taxes, utilities, unpaid condominium or strata maintenance fees, judgments, construction or builders' liens or other similar encumbrances;

(d) your property is abandoned or is not visibly and consistently occupied;

(e) any buildings being erected or additions, alterations or improvements done on your property remain unfinished without work being done on them for fifteen (15) consecutive days;

(f) your property is used for any illegal purpose or is used for a business purpose without our consent;

(g) you sell or otherwise dispose of your property or mortgage your property to a person not approved in writing by us;

(h) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage is untrue;

(i) if the property includes a condominium unit or strata lot, a vote authorizes termination of the condominium or strata property or the sale of all or substantially all of the condominium corporation's or strata corporation's assets or its common elements or the condominium corporation or strata corporation fails to insure the unit or strata lot and common elements; or

(j) a petition in bankruptcy is filed against you, you make a general assignment for the benefit of your creditors, a receiver or a similar person is placed or is threatened to be placed in control of your affairs or your property, or in our opinion, you become insolvent.

If the loan amount so declared immediately payable is paid prior to the balance due date, you agree to compensate us by payment of a prepayment charge equal to three (3) months interest at the interest rate of the mortgage. Where default continues to or is made after the balance due date, the outstanding amount may only be paid upon payment of three (3) months interest on the loan amount or three (3) months written notice in place thereof. You also agree to repay the proportionate part of the Cash Back amount you received for the remainder of the term calculated in accordance with section 6. You further agree that we may recover such prepayment charge and Cash Back amount from the proceeds of any sale of your property or other proceedings for enforcement of the mortgage.

11.5 **Enforcing our rights**

(a) If any of the events set out in section 10.4 occurs, we may, with or without declaring the loan immediately payable, enforce our rights by taking certain actions, which include:

(i) *Sue you*. We may take any action that is necessary to recover payment of all or any part of the loan amount and to make you perform any of your other obligations under the mortgage.

(ii) *Foreclosure or sale*. We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(iii) *Lease your property or collect rents*. We may with or without entering on the property lease your property without notice to you. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.

(iv) *Power of sale*. We may, where permitted by law and on the minimum period of written notice to you required by law, sell your property or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale, after paying all costs and expenses, to reduce any part of the loan amount. We will only be responsible for the money remaining after we pay all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.

(v) *Enter on your property*. We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference.

(vi) *Appoint a receiver*. We can appoint, in writing, a receiver (which term includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, insurance premiums and other expenses required to keep your property in good condition; its own commission as receiver; all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; interest owing under the mortgage; and all or any part of the loan amount, whether it is due or not.

(vii) *Cure any defaults.* We can cure any defaults under the mortgage.

(viii) *Other action.* We can take any other steps or proceedings against you that are permitted by the laws of the province or territory in which your property is located and the laws of Canada.

We have the right to take one or more of these actions at the same time or in any order we choose.

(b) If we take possession of your property to enforce our rights, you will not interfere with our possession or with the possession of your property by any receiver we appoint or with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

(c) If we take possession of your property, any equipment (which is not part of the property) or furniture or household or personal belongings which remain on your property for a period of more than six (6) days after we take possession of your property shall be deemed abandoned and we may remove, store, dispose of or otherwise deal with such abandoned goods in such manner as we see fit. Removal, storage and other costs may be added to the amount secured by the mortgage.

(d) You must pay all of our expenses related to our enforcing our rights (including legal fees in any court proceedings on a solicitor and client or substantial indemnity basis). You must pay these amounts immediately when we ask for them. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees.

(e) If we delay enforcing any of our rights or give you or any other person an extension of time, the delay or extension will not affect any of our other rights under the mortgage. If we delay or give an extension, we may still require you to make all payments on time and meet your obligations under the mortgage; require payment of the loan amount if you are in default; and require any other person who has obligations under the mortgage, including a guarantor, to meet those obligations.

(f) In some cases, we may not enforce our rights on a particular default. However, by doing so, we are not forgiving any other existing default, or any other defaults in the future.

(g) If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage.

11.6 Doctrine of consolidation

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

12. IF YOUR PROPERTY IS A CONDOMINIUM UNIT OR STRATA LOT

If your property is a condominium unit or strata lot you must also comply with this section in addition to all other provisions of the mortgage. In this section, condominium also means strata, condominium unit also means strata lot and condominium corporation also means strata corporation.

In this section, *Condominium Act*, *Strata Property Act* or similar legislation governing a condominium or strata property in the province or territory in which your property is located, is called the Act. Expressions used below which are the same as those in the Act have the same meaning as those in the Act, except that the expression condominium property has the same meaning as the word property in the Act.

(a) **Compliance with the Act**

You will comply with all of the requirements of the Act and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

(b) **Payment of common expenses and other amounts**

You must pay common expenses and any other amounts charged by the condominium corporation on or before they become due. If we ask, you must give us proof that you have paid all of these amounts.

(c) **Notices and demands**

You will forward to us, copies of all communications of the condominium corporation related to your condominium unit or the common elements, including notices, assessments, claims or demands for payment, rules or regulations, requests or demands of us to consent to any matter. You must ensure that we receive these communications at least five (5) days before any claim or demand is payable or, in the case of other communications, within five (5) days of the date you receive them.

(d) **Voting rights**

(i) You authorize us, in your name and on your behalf, and whether or not you are in default to exercise your right to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Act to the condominium property or to your property.

(ii) We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

(e) **Insurance**

Under the Act, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us. You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy. If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen (15) days before the termination of any insurance we may (but are not obligated to) obtain insurance for the buildings or improvements. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds, as permitted by law, to repair the damage, pay you or reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

13. GUARANTORS

(a) In return for us making the loan to you (in this section 13 called the "borrower" and which includes the borrower's legal and personal representatives, successors and assigns), each person who signs the mortgage as a guarantor or covenantor signs as a principal debtor and not as surety. In other words, each guarantor agrees to pay us the loan amount to meet all other obligations of the borrower as and when required by the mortgage.

(b) If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage.

(c) We may, at any time, do any of the following, without notifying any guarantor and without obtaining the consent of any guarantor: extend the time for payment, give a renewal, give an extension, deal with additional security, give a release or discharge, change the interest rate, change the terms of the mortgage or deal with any other matter affecting the mortgage and the borrower's obligations. Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

(d) We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any other guarantor.

14. DISCHARGE

After you have paid us the loan amount, we will sign a discharge and send it to you within a reasonable time. Alternatively, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge. You will pay our usual administration and processing fee for preparing, reviewing and signing any such documents and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us. It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

15. MISCELLANEOUS

15.1 Date of mortgage

For the purpose of defining the date of the mortgage with respect to any statutory rights to prepayment only, the date of the mortgage will be deemed to be the interest adjustment date set out in the registered mortgage.

15.2 Exclusion of statutory covenants

The covenants implied or incorporated into a mortgage by statute in the province or territory in which your property is located, to the extent permitted by statute, are excluded or overridden by the terms of this mortgage.

15.3 *National Housing Act*

If the mortgage is CMHC insured, it is made according to the *National Housing Act*.

STANDARD CHARGE TERMS
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15.4 **Part of mortgage invalid**

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

15.5 **Headings**

All section headings are for convenience of reference only and do not form part of the mortgage.

15.6 **Governing law**

The mortgage shall be governed by the laws of the province or territory in which the property is located and the laws of Canada applicable in the province or territory. Any reference in the mortgage to an act or statute includes amendments and replacements to that legislation in force from time to time.

DATED the 9th day of June, 2006.

BRIDGEWATER BANK
by its solicitors
Gowling Lafleur Henderson LLP
Per:

Harry R. VanderLugt

FILED: , 2006

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200624 Cote

Alterna Savings

Alterna Bank

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200625 Cote
Filing Date July 5th 2006 Date de dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS

(ONTARIO CONVENTIONAL COMMERCIAL MORTGAGE)

Filed by: ALTERNA SAVINGS AND CREDIT UNION LIMITED and
CS ALTERNA BANK

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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Part 1 Meaning of terms used in the mortgage
Part 2 Preliminary matters
Part 3 Payment obligations
Part 4 Our security
Part 5 Condominium and leasehold property
Part 6 Your responsibilities as to the property
Part 7 Actions we can take under the mortgage
Part 8 Other terms

PART 1. MEANING OF TERMS USED IN THE MORTGAGE

1.1 **What certain terms mean**. Terms used in the mortgage have the following meanings:

1.1.1 **You** means each person who has signed the mortgage as a chargor (and your and yours refer to that person).

1.1.2 **We and Us** means each chargee to whom the mortgage is given (and our and ours refer to that person).

1.1.3 **Mortgage** means the charge in which these standard charge terms are included, together with every schedule to the charge and these standard charge terms (as far as they are not excluded or varied).

1.1.4 **Payment obligations** means the obligations to pay money which are secured by the mortgage.

1.1.5 **Real estate** means the land an interest in which is intended to be subject to the mortgage.

1.1.6 **Property** means any property an interest in which is intended to be subject to the mortgage. It includes the real estate and rights assigned to us.

1.1.7 **Lease** means a lease of all or part of the real estate, an agreement to give a lease of all or part of the real estate and an agreement giving anyone a right to occupy or use all or part of the real estate (except a right of way or other easement). If there has been an agreement changing the terms of such a lease or agreement, it means the lease or agreement as so changed. Where lease refers to an agreement giving anyone a right to occupy all or part of the real estate, landlord means the person whose interest is subject to the right and tenant means the person who has the right. In all cases lease includes a sublease. Lease shall, in all cases, include all existing and future leases.

1.1.8 **Business day** means any day other than a Saturday, Sunday or public holiday in the province in which the real estate is situated.

1.1.9 **Property tax** means every kind of tax, rate, duty, levy, charge, imposition, assessment and fee, general or special, on the property or any part of it or in respect of the property or any part of it, whether it is in favour of a municipal, provincial, federal or other authority and whether it is of a kind that exists when the mortgage is signed or comes into existence after then. It does not include a tax on us in respect of our overall net income or gains or a tax in respect of a transfer by us of our interest in the mortgage or of the payment obligations.

1.1.10 **Pollutant** means a substance that can cause or probably could cause harm to the life or health of a human being. It may be a solid, liquid, gas, odour or radiation.

1.1.11 **Law** includes law that is either enacted or part of the common law. Enacted law includes law made by the federal, provincial or other government, by a municipality, or by any other governmental body. Law also includes a governmental action, such as an order, direction, notice or approval.

1.1.12 **Work** on real estate includes constructing anything that will become part of the real estate, altering the real estate, adding to the real estate, repairing the real estate and demolishing a part of the real estate.

1.1.13 **Person** includes a corporation.

1.1.14 **Land** includes real property. It includes buildings and the other things that land includes and that are referred to in part 4.

1.1.15 **Cost** includes every payment obligation that is referred to in the mortgage, or in any agreement containing payment obligations or relating to the mortgage, as a cost, charge or expense including those that, as a result of the mortgage, the law requires you to pay.

1.2 **Interpretation generally**. Where the mortgage refers to a person, thing or action, the reference includes, where the context allows, more than one person, thing or action. Where the mortgage refers to more than one person or thing or action, the reference includes, where the context allows, any of them. Where under the mortgage you or we make a statement, you or we must be taken to represent and warrant. Where under the mortgage you or we must do or not do anything, you or we agree and covenant to do or not do the thing. Your liability under your obligations in the mortgage continues after the payment obligations have been paid or the mortgage has been discharged.

PART 2. PRELIMINARY MATTERS

2.1 **Your knowledge**. A statement by you to us in the mortgage may be limited to what you know. Where this is so, you state that you have done what a reasonable person would do to verify the statement.

2.2 **Information supplied**. You state that, as far as you know, all information that you have supplied to us for the mortgage is substantially accurate and complete.

2.3 **Documents**. You state that you have given us a copy of all of the following documents relating to the real estate that are in your possession or control: documents affecting the title (except those available in the land registry office), surveys, tests and reports.

2.4 **Legal obligations**. You state that you are not a party to any legal proceeding (except a proceeding that you have informed us about in writing) and are not in serious default under any of your significant legal obligations. You state that, as far as you know, nothing has occurred which gives us the right to take action under part 7 or would have given us that right if we had not been required to give a notice or allow time to pass.

2.5 **Work on the real estate**. You state that you are not giving the mortgage to secure the financing of work on the real estate except as far as you have informed us otherwise in writing.

2.6 **Condition of property**. You state that, as far as you know, the property has no defect that cannot be found by a reasonable inspection.

2.7 **Legal requirements**. You state that, as far as you know, the property and its use comply substantially with every law. If we are making a loan for work on the real estate, you state that, as far as you know, the law permits the work and its use.

2.8 **Environmental matters**.

2.8.1 **Pollutants**. You state that, as far as you know, nothing that is part of the real estate (including water) is comprised of a pollutant. This does not apply to anything about which you have informed us in writing.

2.8.2 **Specific environmental problems**. You state that you have not done any of the following things or permitted anyone else to do them, and that, as far as you know, no one else has done them. This statement does not apply to anything about which you have fully informed us in writing. You will not do or allow anyone else to do any of those things. The things are as follows. Insulating a building on the real estate with urea-formaldehyde foam. Using asbestos as an insulating or building material for a building on the real estate. Storing a pollutant on the real estate other than a reasonable quantity that is to be used on the real estate in the normal course within a reasonable time. Placing an underground storage tank in the real estate. Burying, dumping, injecting or otherwise releasing a pollutant in the real estate. Having polychlorinated biphenyls (PCB's) on the real estate, except in fluorescent lighting. Disposing of garbage or industrial waste on or in the real estate. Spilling or discharging a pollutant on the real estate. Allowing petroleum products to leak into the real estate. Putting radioactive material in, on or under the real estate.

2.9 **Statements on advances**. You agree that your statements in the mortgage are true when you give the mortgage and will be true each time you accept an advance from us.

2.10**Residence**. You state that you are a resident in Canada for tax purposes.

PART 3. PAYMENT OBLIGATIONS

3.1 **What obligations the mortgage secures**. The mortgage secures all obligations to pay money under its terms. It secures all obligations that are described in its terms as secured by it. Where, as a result of the mortgage, the law requires you to make a payment, it secures your obligation to make the payment. And it secures compensation that is or may become payable because of a breach of your obligations under the mortgage or under any other agreement that relates to the mortgage.

3.2 **Your obligations under a term loan**. Where the

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mortgage sets out payment terms for a term loan, the terms set out below apply. The details referred to are those in the mortgage.

3.2.1 **Interest to interest adjustment date**. You must pay interest, on as much of the principal amount as is owing, at the interest rate, calculated for the interest calculation period. Until the interest adjustment date, you must, on the same days as those for regular payments, pay the interest for the period to the day. On the interest adjustment date you must pay the interest to that date.

3.2.2 **Regular payments**. You must pay the amount of each payment on the first payment date, on every payment date after that until the last payment date, and on the last payment date. We will use each payment first to pay the interest on the principal up to the payment date, and then to reduce the principal.

3.2.3 **Balance on maturity**. On the maturity date or the balance due date, you must pay the balance of the principal amount and any unpaid interest in full.

3.2.4 **No Prepayment**. You must make payments only as the mortgage requires. You may not make early payments unless the mortgage specifically gives you the right to do so. If the mortgage gives you a right to prepay part of the amount owing, and you do so, you must continue after that to make the regular payments.

3.2.5 **Dates on which interest is calculated**. Where an interest rate is calculated half-yearly not in advance, the calculation is to be made on the half-yearly dates that we usually use.

3.2.6 **Your liability**. You are personally liable to pay the payment obligations under this section in the way in which the mortgage requires you to pay them.

3.2.7 **Future Changes**. Whenever we agree to change the terms of payment obligations for the term loan in any way or replace it, the mortgage secures the payment obligations as changed or replaced. This is so, for example, if we renew the loan or extend the time for payment, and even if that increases the interest rate. You agree that, when the mortgage was given, we had not agreed to give any right to renew or extend.

3.3 **How interest is calculated**. All rates of interest under the mortgage (including compound interest) apply both before and after maturity, default or judgment.

3.4 **Compound Interest**. If interest is not paid on the day that it is payable, interest must be paid on the unpaid interest. This interest must be paid at the same rate as the unpaid interest, is calculated in the same way, and must be paid on the same days. If interest on unpaid interest is not paid on the day that it is payable, interest must be paid on that interest as provided above, and so on.

3.5 **Taxes and costs.**

3.5.1 **Meanings**. In this section:

Tax means a present or future tax, charge, levy, impost, stamp tax, duty, deduction, withholding, compulsory loan, or similar amount, together with any interest or penalty on it, under the law of any jurisdiction.

Additional tax means a tax under the law of a jurisdiction outside Canada. It does not include a tax on our overall net income, unless it is deducted or withheld from an amount paid or payable under the mortgage.

3.5.2 **Taxes**. You must pay when due every tax on the mortgage and on every existing or future agreement which relates to the payment obligations or security for them. You must pay when due every additional tax in respect of amounts paid or payable under the mortgage. You must indemnify us against every additional tax for which we become liable in respect of amounts paid or payable under the mortgage. You must make every payment under the mortgage free of, and without deduction for or on account of, any additional tax, except where you are compelled by law to make the payment subject to the tax. Where you are compelled by law to pay subject to the tax, you must pay the additional amount needed to ensure that we receive a net amount equal to the full amount we would have received had payment not been made subject to the tax. You must pay it in the currency in which payment was to be made.

3.5.3 **Adjustment**. If we decide that an additional tax on a payment or part of it does not increase our liability for tax, we must return to you the tax that you paid and as far as it does not increase our liability. A certificate of a financial officer of ours as to the amount to be returned is conclusive.

3.5.4 **Costs**. You agree that we are to receive payment under the payment obligations free from every cost other than a tax or the costs referred to below. You agree to pay every other cost and, specifically, every other cost relating to the property, even if it does not arise during the mortgage. We are, however, responsible for our costs in receiving payment in the normal course of the payment obligations. Where the mortgage refers to a specific expense, that does not limit this subsection. You must pay us our costs in taking our security, whether an advance is made or not. The costs include costs for negotiating the security, searching title to the property, obtaining title insurance, and preparing or registering the security. You must pay us money payable under a commitment for the mortgage. You must pay us our costs for the following. Renewing a filing or registration. Providing a statement other than a statement sent to you regularly. Giving a consent or approval under the mortgage and checking that conditions are met. Protecting our security or ourselves from claims relating to it, for example, under liens of those who do work on the real estate. Giving effect to a right you may exercise at your option. Doing anything relating to the mortgage that we are not required to do and that you want us to do, for example, entering into an agreement.

3.6 **General provisions**.

3.6.1 **Currency**. Except where any of your agreements with us provide otherwise, all amounts are expressed in Canadian money and are payable in Canadian money.

3.6.2 **Place**. You must make all payments to us at our branch designated in the mortgage or at any other place in Canada that we may state in writing.

3.6.3 **Method**. If we ask in writing, you will authorize your bank to make payments or you will make any other reasonable arrangement for them to be paid.

3.6.4 **Time**. For a payment to be treated as made on a particular day, it must be made before 3 p.m., in the time of the place where the payment is to be made. Where the day on which you must make a payment is not a business day, you must make the payment on the last business day before that day.

3.6.5 **Deduction**. Payments must be made without set-off, counterclaim or deduction.

3.7 **General terms relating to costs or expenses**. Wherever the mortgage requires you to pay a cost or expense, the following terms apply. If it was caused by an act of ours, it is payable if we acted honestly. Its amount must be reasonable. It includes lawyers' fees and disbursements charged on the basis that applies between a lawyer and his or her own client and even though we may not have taken court proceedings. It also includes fees and expenses for other professionals. It includes a fee for the time and services of an employee or agent of ours. It includes a usual service charge of ours. You will pay it to us as soon after it has been incurred as we ask in writing for it. You will pay interest on it from the time that it is incurred. The interest rate will be the highest rate that applies to the payment obligations.

3.8 **Immediate payment**. Where a term of any of our agreements with you allows us to require immediate payment of payment obligations, we have an option whether to require it or not. We will be taken to have exercised our option to require immediate payment only if we give you written notice to that effect. If we give the notice, the entire amount must be paid on the day that the notice is given.

3.9 **How we may apply payments**. Except where we specifically agree otherwise, we may apply a payment made to us to reduce whatever part of the payment obligations we choose. After doing so, we may apply the payment to reduce a different part of the payment obligations as we choose.

PART 4. OUR SECURITY

4.1 Real estate generally.

4.1.1 **Described land**. You grant, mortgage and charge the land described in the mortgage to us and our heirs and successors, together with all rights that go along with the land.

4.1.2 **Abutting land**. Where the law would make security under this mortgage invalid because you have an interest in abutting land, you grant, mortgage and charge to us and our heirs and successors all abutting land that must be included in the mortgage to make the security valid.

4.1.3 **Security on other related land**. You agree that if you are entitled to an interest in other land and the other land or interest is used in connection with land described in the mortgage, you will mortgage the other land to us. You also agree that, if you become entitled to obtain an interest in other land and the other land or interest is used in connection with land described in the mortgage, you will mortgage the other land to us. Land will not be subject to this subsection if it is not used directly and exclusively in connection with the land that is covered by the mortgage.

4.2 **What is included in land**. The land includes the land to which the mortgage relates, including the subsurface of the land, and the things listed below, whether they exist when the mortgage is signed or come into existence after then. You agree that these things are intended to be fixtures on the land. The things are buildings on the land; other structures on the land, fences on the land or improvements to the land; anything else that the law would treat as a fixture to the land; equipment on the land for heating, ventilating or air-conditioning a building; elevators and escalators on the land; fixed machinery and mechanical equipment on the land serving a building; equipment on the land for supplying electricity, gas, steam or hot or cold water; lighting equipment on the land, including bulbs and tubes; window or door screens, storm windows and window blinds, shutters and awnings for a building on the land; antennas, satellite dishes and similar equipment on the land; fire alarm and security systems on the land; wall to wall floor covering in a building on the land and fixed mirrors; crops and plants on the land; built-in appliances on the land such as a stove or dishwasher; and a sculpture or other work of art on the land outside a building or in a common area.

4.3 Movable property.

4.3.1 **Security Interest**. You grant, mortgage, release all your claims on, and give us a security interest over your interest in all property that, either when the mortgage is signed or after then, is:

4.3.1.1 Property referred to in section 4.2 that is not a fixture.

4.3.1.2 All property that is needed for or relates exclusively to the real estate, including property that is used for maintaining or operating the real estate, such as a snowplow or cleaning equipment.

4.3.1.3 Where the real estate is a residential unit, an appliance provided by the landlord to a tenant in the real estate, such as a stove or refrigerator.

4.3.1.4 Where work is being done on the real estate, your interest in materials and equipment for the work.

4.3.1.5 The proceeds of an interest of yours in all or part of the property intended to be subject to security under the mortgage.

4.3.1.6 Any other movable property described in the mortgage.

4.3.2 **Removal.** You may remove property from the real estate and dispose of it provided all of the following conditions are met. When you remove the property, we must not be entitled to enforce the security. The property must be movable or be machinery or equipment in a building. The property must be obsolete, be worn out, be such that it cannot be repaired or not be needed for the operation of the real estate. And, if the property needs to be replaced, it must be replaced immediately, the replacement of it must be at least as good as the property replaced and you must own the replacement free from encumbrances.

4.4 Rights to Income.

4.4.1 **Assignment**. You assign and give us a security interest in the full benefit of, and irrevocably appoint us as your attorney to exercise at any time:

4.4.1.1 The landlord's rights under every lease that

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exists when the mortgage is signed or comes into existence after then.

4.4.1.2 The landlord's rights to rent and other money payable under every such lease and every other right to income from the real estate that exists when the mortgage is signed or comes into existence after then.

4.4.1.3 The landlord's rights under any lease that the mortgage says is to be included in this assignment.

4.4.1.4 The landlord's rights in respect of every lease referred to in these subparagraphs, including a guarantee or indemnity, a security and a right to insurance.

4.4.2 **Effect**. We are not bound to collect the income from the property, to enforce a lease or to comply with the landlord's obligations under a lease. We need only account for income we actually receive. These terms and anything we do under them do not put us in possession of real estate. Nor do they authorize you to enter into a lease. Nor do they give the interests of tenants priority over the mortgage or create a relationship of landlord and tenant between us and a tenant or give any tenant any interest in the property which is binding on us or affects our rights under other terms of the mortgage.

4.4.3 **Specific Assignment**. You shall, forthwith upon our request, execute in respect of any or all leases such further assignments of the same, in the form and substance as we may prescribe, or do such other things as we may require to enable us to enjoy the full benefit of the above assignment.

4.4.4 **Notice to Tenant**. Whenever we have a right to take action under part 7:

4.4.4.1 You shall, forthwith upon our request, issue to the tenant under any lease a notice of the above assignment or a notice requiring such tenant to attorn to us or do any other things or issue any other notice which we may require for the purpose of perfecting our right under or enabling us to enjoy the full benefit of the above assignment.

4.4.4.2 We may sell the income and rights assigned above and we or the purchaser from us shall have the same rights as those relating to a sale of the real estate.

4.4.5 **Future Leases**. You shall obtain in each lease permitted under the mortgage to be entered into in the future a covenant of the tenant under the lease whereby, at our request, such tenant will attorn to and become the tenant of or be directly liable to us in respect of its obligations under the lease. The inclusion of such a covenant shall not put us in possession of the real estate. Nor does it give the interests of the tenant under such lease priority over the mortgage or create a relationship of landlord and tenant between us and the tenant or give such tenant any interest in the property which is binding on us or affects our rights under other terms of the mortgage.

4.5 **Other rights relating to the property**.

4.5.1 To further secure the payment obligations, you assign and give us a security interest in the full benefit of, and you irrevocably appoint us as your attorney to exercise at any time:

4.5.1.1 Your rights under every insurance policy that exists when the mortgage is signed or comes into existence after then and that covers loss caused by loss of or damage to any part of the property.

4.5.1.2 Your rights under every insurance policy covering loss of present and future income, rents or profits from the property.

4.5.1.3 Any other right that the mortgage says is to be included in this assignment.

4.5.1.4 All of your rights in connection with the above, including a guarantee or indemnity, a letter of credit or bond, a security and a right to insurance.

4.5.1.5 All of your rights under an encumbrance to which your interest in the property is subject.

4.5.1.6 A right to repayment of a property tax.

4.5.1.7 A right to occupy, use or enjoy a benefit over adjacent or other land in connection with land described in the mortgage. This includes a licence, an encroachment agreement or a right to park. A right to require anyone to make good a defect in the property or to pay any loss you may suffer because of a defect. This includes a warranty.

4.5.1.8 A right to require anyone to provide a service for maintaining or operating the property.

4.5.1.9 A right to a supply of services or materials for work on the real estate or relating to work on the real estate. This includes an approval, permit or similar right. It also includes a construction contract or a consultant's agreement.

4.5.1.10 A right under a trust or other agreement relating to an insurance policy that covers loss of or damage to any part of the real estate.

4.5.1.11 A right under an agreement to sell or dispose of an interest in the property or part of it.

4.5.2 We are not bound to enforce the rights or comply with your obligations in respect of them. We need only account for money we actually receive. These terms do not authorize you to enter into an agreement that binds us or our interest in the property.

4.5.3 **Restrictions on Assignment**. Where an assignment under terms of this mortgage would be a breach of the agreement, it is effective when it can be made without a breach. You will use your best efforts to make each such assignment effective.

4.6 **Your use of the property**.

4.6.1 **Real estate and movable property**. Until we have a right to take action under part 7, you may remain in possession of the real estate and continue to use movable property that is subject to the mortgage.

4.6.2 **Income**. Until we have a right to take action under part 7, we authorize you to collect the rents under leases provided you comply with the terms set out below as to dealings with tenants. This authorization does not detract from the legal effect of the assignments in the mortgage.

4.7 **Your title obligations**.

4.7.1 **Nature of your title**. Where this section refers to your interest in property, it will be taken to refer to the absolute ownership of or absolute right to the property. For real estate this is an estate in fee simple. For all property, it is the absolute ownership

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or absolute right both legally and beneficially. However, where the mortgage specifically says that you have any other interest, this section will be taken to refer to the interest described in the mortgage.

4.7.2 **Meaning of encumbrance**. Encumbrance includes a reservation, exception, condition, mortgage, charge, lien, lease (as defined in part 1), right of way or other easement, restrictive covenant and trust.

4.7.3 **Your obligations**. You state that you have a good title to your interest in the property free from encumbrances. Where the mortgage refers to your interest in the property as being less than the absolute ownership, you state that your interest and every interest on which it depends is valid. Where the property is a right, such as a right to income or an insurance policy, you state that the right is valid. You state that you have the right, power and authority to mortgage or deal with your interest in the property in the manner set out in the mortgage free from encumbrances. You state that you have not done, omitted or permitted anything by which your interest in the property is or may be affected or made subject to an encumbrance. You agree that while we are entitled under the terms of the mortgage to possess or enjoy your interest in the property, we will have quiet possession or enjoyment of your interest in the property free from encumbrances. You will, at our request, do anything that we think is necessary or advisable to confirm any of our rights under the mortgage and pay our expenses for that. You will defend your title to the property. You will not create or attempt to create any encumbrance that is prior to the mortgage or has the same priority as the mortgage. You will also not create or attempt to create any encumbrance that is subsequent to the mortgage.

4.7.4 **Permitted Encumbrances**. You are not liable for a breach of your obligations under this section merely because of the encumbrances described below. You promise that you have given us full details of all of those encumbrances that exist when the mortgage is signed.

4.7.4.1 The encumbrances include a lien for a property tax that is not yet due or can only be estimated because the assessment has not yet been made.

4.7.4.2 The encumbrances include a construction lien for an improvement that is being made in accordance with the terms of the mortgage, as long as it is not yet payable and no step has been taken to preserve, perfect or enforce it.

4.7.4.3 The encumbrances include an exception or reservation in favour of the Crown for mines or minerals, a right of way, any other easement, a licence similar to an easement, a restrictive covenant or a municipal bylaw provided that, in every case, it does not prevent the real estate from being used in a way that it is being used or that you have led us to expect that it will or could be used. We must postpone the mortgage to a right of way, other easement, licence or restrictive covenant that you reasonably wish to give, provided that it does not prevent the real estate from being used in that way. We need do this only if you meet all of the following conditions. You must ask us in writing. When we are to give the postponement, we must not be entitled to enforce the security. And you must show us that the encumbrance is one described above and pay our costs.

4.7.4.4 The encumbrances include a title defect which is minor and which, with any other defects, has no material effect on our security.

4.7.4.5 The encumbrances include a lease a true copy of which you have given to us or our lawyer before the mortgage was signed. And they include a tenancy agreement for a residential unit which is in favour of a person who occupies the unit as a home, which is for a term ending no more than one year after this mortgage was signed and which conforms to the last rent roll that you delivered to us before the mortgage was signed.

4.8 **Future interests of yours**. You agree that, if after the mortgage is given you acquire another interest in the property, the interest will be security for the payment obligations. This also applies if your interest increases, for example, through a joint owner's right of survivorship. Our security under this section has priority over any interest in the property in favour of anyone else created after you acquire your interest. This section does not limit any other term of the mortgage or right of ours under it.

4.9 **Other parties or interests**. Every person who is a party to the mortgage, other than you and us, and including a spouse, agrees with us as follows. If the person is a spouse, the person consents to the mortgage where it affects the interest of the person's spouse, and postpones every claim as spouse to the mortgage. Where the person has an interest in the property or its proceeds, and the interest is not being mortgaged under other terms of the mortgage, the person gives us security over the interest in the same way as if the person was you, or agrees to do so. This applies whether the interest exists when the mortgage is given, or comes into existence after then. As to the interest, the person grants, mortgages, charges, bargains, sells, releases all claims on, assigns, gives a security interest in, transfers, and subleases, the property to us and our heirs and successors in the ways set out in the mortgage. As to the interest, the person agrees to be subject to all of the terms of mortgage, and gives us all of the powers under the mortgage, as if the person was you. Where the person has a claim on money that leads to payment obligations, the person releases us from any liability for the claim.

4.10 **Discharge**. When all of your payment obligations have been made to us in accordance with their terms, we will discharge the mortgage and reassign to you any rights that you have assigned to us in the mortgage. Or, if you are entitled to and do require us to assign the mortgage and rights to someone else, we will do so. You will give us a reasonable time after payment to verify our records and sign the documents. You will pay our expenses for doing what this section requires. You are responsible for registering the documents.

4.11 **Attachment**. The time for attachment of a security interest under the mortgage has not been postponed. For property in which you have an interest when the mortgage is given, the security interest attaches then. For property in which you have an interest after then, the security interest attaches when you acquire the interest.

4.12 **Registration**. You irrevocably authorize us, and a person we authorize, to agree to, sign and register for you an electronic document needed to register the mortgage or further register it. Where the mortgage is in electronic format, we may also hold a written mortgage. If so, the mortgage in electronic format registers the written mortgage in electronic format, as far as the mortgage in electronic format contains the particulars of the written mortgage. Despite a mortgage being in another format, or any term of the mortgage, or any law, the mortgage in each format continues in force.

PART 5. CONDOMINIUM AND LEASEHOLD PROPERTY

5.1 Condominium.

5.1.1 **Meaning of terms used**. In this part, **condominium law** is a condominium, strata or similar law. A **unit** is land that is a unit governed by a condominium law, or that is a part that you have a right to occupy or from which you have the right to income, of real estate held by or for more than one person or by a corporation. A **complex** is the land governed by the condominium law of which real estate is a part, or of which a unit is a part. **Documents** are documents by which the complex or part of it is governed, for example, a declaration, bylaw, resolution, regulation, rule or agreement. The **entity** is a person, partnership, trust, association, syndicate or other body holding or managing the complex. **Common expenses** are the expenses, contributions to reserves or other payments that the condominium law or the documents require you to pay. Where the condominium law or the documents impose an obligation on or give a right to an owner of your interest in the real estate but do not treat you as the owner of the interest, or impose obligations of an owner on us, you will for the purpose of the mortgage be treated as the owner under the law or documents. Where under the terms in this section a thing is to be substantial, it is so where it is in fact so or the condominium law treats it as so.

5.1.2 **Where this section applies**. This section applies where real estate is governed by a condominium law when the mortgage is given or becomes so governed after then, or is or becomes a unit. All of the other terms of the mortgage apply, except where stated below.

5.1.3 **Our security**.

5.1.3.1 Our security on land or an interest in land includes an interest that, under the condominium law or documents, goes along with the land or interest or is to go along with it. Where your interest in property is as a tenant under a lease, the terms that apply to our security are those in this part under the heading **Leasehold property**.

5.1.3.2 Except where your interest in property is as a tenant under a lease, you transfer to us the benefit of, and irrevocably appoint us your attorney to exercise, all your rights relating to the complex. In particular, we may exercise your right to vote or consent, or to require or call a meeting. The rights include a right to proceeds of a sale, expropriation or insurance; a right to fair market value after a sale; and a right to assets of the entity. If we give you instructions about how we require you to exercise a right of yours, you must follow the instructions. When we exercise a right of yours, or give instructions, under this part, that does not mean that we have taken possession of property. We have no obligation to exercise any of your rights.

5.1.4 **Voting**. If we can arrange for you to vote, we may at any time cancel the arrangement. You must give us written notice if you are asked to exercise the rights listed below and you must not exercise those rights without first obtaining our written consent. The rights are to give a consent (as distinct from voting); to vote on anything that requires more than a simple majority of those present at a meeting; to have any interest of yours purchased, dealt with or changed; or to receive assets or a payment from the entity. You must not without our prior written consent vote for any action that might reduce the value of your unit or interest or our security. Where we are not in a position to exercise your right to vote, you may do so, provided you comply with these terms.

5.1.5 **Insurance**. The entity may be responsible for insurance that the mortgage requires. Despite this, you must comply with all of your obligations under other terms of the mortgage as to insurance as far as the entity does not in fact comply with the obligations. However, the amount of your insurance for a building need only be your share of the cost of replacing it. We will regard the entity as having complied even though its insurance limits our rights as the holder of a mortgage, provided that the law or the documents impose the limit despite anything you and we have agreed to. We have the rights as to insurance given to us by other terms of the mortgage. For example, if we have a valid requirement to which the entity's insurance does not conform, you must insure in conformity with our requirement. Where the entity's insurance does not cover an improvement, your own insurance must cover it. We may require you to insure against risk caused by a failure of the entity to insure.

5.1.6 **Common expenses.** Your obligation under the terms of the mortgage to pay taxes and other charges extends to common expenses. Whenever we ask in writing, you must allow us to pay the common expenses. The terms of the mortgage as to our paying property taxes apply to common expenses with the necessary changes. When we pay a common expense, we can rely on any statement that appears to be issued by the entity showing the amount of the common expense and the date it is due.

5.1.7 **Maintenance**. The entity may be responsible for repairs or replacements that the mortgage requires. Despite this, you must comply with your obligations under other terms of the mortgage as to repair or replacement as far as you have the right to do so. Where the entity is not responsible for repairing or replacing an improvement, you must keep it in good repair or replace it if it cannot be repaired.

5.1.8 **Other obligations**. You must comply with all of your obligations under the condominium law and the documents. Your obligations under the condominium law include obligations that the condominium law causes you to enter. You must give us any proof of compliance that we reasonably ask in writing for. You must not do anything that materially increases your obligations under the condominium law and the documents.

5.1.9 **Notice and information**. You must give the entity and others notice of the mortgage in a way that protects our right to vote, our rights in insurance and our other rights. You must forward to us a copy of notices, assessments, bylaws, rules, financial statements and other documents that you receive from the entity. You must if we ask in writing give us any information or document that you are entitled to obtain from the entity. You authorize us to obtain any information or document from the entity.

5.1.10 **Our costs**. You must pay us our costs relating to the following. A bylaw, resolution, rule or other matter (other than a resolution for which only a majority present at a meeting is required). The enforcement of a right to have the entity or another owner comply with the condominium law or the documents. And our exercising rights to vote or consent.

5.1.11 **Immediate payment if certain events occur**. We may require immediate payment of payment obligations, if any of the following events occurs. The entity fails to comply with a material obligation under the condominium law or the documents. A court makes a judgment or order against the entity. The entity in our opinion seriously fails to manage the complex in a prudent manner. A court appoints an inspector, administrator or similar officer under the condominium law. The entity becomes insolvent (and that term has the meaning given in part 7 under the heading **When we can enforce the security**). An amount is added to the common expenses that is not added to the common expenses of all owners, or a step is taken for that. Substantial work is started on the complex, or there is a substantial increase in the common expenses or a substantial decrease in the services that the entity provides, or a step is taken for any of those things. An obligation of an owner of your interest in the real estate is enforced against us, or a step is taken for that. There is substantial damage to the complex. There is a material change to any of the documents, or a step taken for that. The complex or part of it ceases to be governed by the condominium law or the documents, or it is sold or expropriated, or the entity is amalgamated, or a step is taken for any of those things. Or the entity passes a resolution or makes a decision for which more than a simple majority present at a meeting is required. We may require immediate payment even if we voted for or consented to any of the above.

5.1.12 **Your transfers**. Before you transfer your interest in the real estate, you must have the transferee agree with us to comply with the terms of this part.

5.2 **Creation of a condominium**. You agree that none of the following things will be done without your first obtaining our written consent. Your interest in real estate, or an interest that will go along with your interest in real estate, becoming governed by a condominium law. An entity being amalgamated. A new phase being created (for example, by adding to the units or common elements). Or anything that causes a condominium law to require us either to accept a repayment or to discharge a part of the real estate from the mortgage. We can enforce the security if any of those things is done. Nothing in these terms requires us to consent under this paragraph. If we now have an obligation to consent (under the mortgage or otherwise), or if we in the future become subject to an obligation to consent, you agree that we need not consent unless both of the following conditions are met (in addition to any others). You must show us that, except as far as we have specifically agreed otherwise or do so, when the thing is done, the terms of the payment obligations will be the same as before it was done, or that we will have the benefit of new payment obligations that are the same as before. And you must show us that the terms of the mortgage (except as far as we have specifically agreed otherwise or do so), and the value and marketability of the real estate, will be at least as good for us as before, or that we will have the benefit of new security under which they are at least as good for us as before.

5.3 **Leasehold property**. The following terms apply where you give us security over property in which your interest is as a tenant under a lease.

5.3.1 **Lease**. In this section lease does not include the other agreements referred to in the definition of lease in part 1. We refer to the property leased by the lease as the **leased property**. We refer to your interest in the leased property as a tenant under the lease as your **leasehold interest**.

5.3.2 **How the mortgage applies to a leasehold interest**. You do not grant, mortgage, charge, assign, bargain, sell, or release all your claims on, the leased property or lease to us under part 3; instead you give us the security provided for below. No assignment of rights in part 3 applies to your leasehold interest or the lease. All other terms of the mortgage apply to the leased property. However, if the lease gives you both a leasehold interest and some other interest in the leased property, this section applies to the leasehold interest and part 3 applies to the other interest.

5.3.3 **Our security**. You grant us the following security over the leased property. Except as set out in the next sentence, you mortgage or charge the leasehold interest to us. But, where the effect of the previous sentence, or any other term of the mortgage, would be to assign your leasehold interest to us, the sentence or term does not apply. You sublease the leased property to us for the rest of the term of the lease, except the last day of the term. Because you have not assigned the lease to us, your giving us the security does not put us under an obligation to your landlord to comply with your obligations under the lease. Although you have not assigned the lease to us, you must hold your remaining leasehold interest in trust for us. You must, when we can enforce the security, dispose of or deal with your interest under the lease, as we require. We may at any time after we can enforce the security appoint anyone as a new trustee in place of you or any other trustee, and we may use every power given by law to a person who appoints a new trustee to transfer the leasehold interest to the new trustee.

5.3.4 **Landlord's interest**. You agree that, even if you acquire the landlord's interest under the lease, the lease will continue to exist. If you have a right when the mortgage is given or after then to acquire the interest of any landlord in the leased property, you must give us security over the interest.

5.3.5 **Renewal**. If you have an option to renew or extend the lease, you must exercise the option and do everything needed to obtain the new lease or extension. If you have a right when the mortgage is given or after then to obtain a new lease of the leased property or to extend the lease, you must give us security over the new lease or extension.

5.3.6 **Power of attorney to us**. You irrevocably appoint us your attorney to do for you everything that this section requires you to do. We may authorize anyone to exercise this power for us.

5.3.7 **Your additional title obligations**. You state that the landlord had a good title to an estate in fee simple in the leased premises free from encumbrances when the lease was granted and the right, power and authority to grant the lease free from encumbrances; that the lease is valid and in force; that it has not been terminated or surrendered and is not voidable; that there is no outstanding default by the tenant in complying with the tenant's obligations under it; and that you have obtained any landlord's consent needed to give us the mortgage. These obligations are in addition to your title obligations in part 4.

PART 6. YOUR RESPONSIBILITIES AS TO THE PROPERTY

6.1 Insurance.

6.1.1 Kinds of insurance required.

6.1.1.1 **Fire**. You will insure your interest in every building and other improvement on the real estate against loss or damage by fire, extended perils and other risks normally covered by a fire insurance policy.

6.1.1.2 **Boiler**. If there is a boiler or machinery on the real estate, you will insure your interest against loss caused by explosions and other accidents that are usually covered by a boiler and machinery policy.

6.1.1.3 **Rents and income**. Where the real estate is leased, your insurance described in the previous paragraphs must cover your loss of rents and payments by tenants towards costs for at least one year. Where you use the real estate for a business purpose, the insurance must cover your loss of income for at least one year.

6.1.1.4 **Liability**. You will insure against general public liability in an amount agreed to by us.

6.1.1.5 **Other**. In addition to the specific requirements set out above, you will carry that insurance for all of the property that a careful owner would usually carry when insuring a similar property using it in a similar way and in a similar locality. You will also carry any insurance that any other agreement between you and us requires you to carry.

6.1.1.6 **Our requirements**. If we ask in writing, you will carry any kind of insurance relating to the property that we require you to carry.

6.1.2 General requirements as to insurance.

6.1.2.1 **Reasonableness**. Where this section 6.1 allows us to require anything or hold back our approval for anything, it does not allow us to do so where you can show that what we require is unreasonable or that we are holding back approval unreasonably.

6.1.2.2 **Insurance against damage**. Your insurance against loss of or damage to a building or other property must be for the cost in Canadian dollars of replacing all of the building or property with a similar building or property. The policy must provide that the proceeds of any loss are payable to us and the insurer must, if we ask in writing, consent to the transfer of the benefit of the policy to us. Insurance on a building must contain a "Mortgage Clause" in the standard form approved by the Insurance Bureau of Canada. The policy must also contain any other term approved by insurers for the protection of a mortgage lender and a provision for us to receive at least 30 days notice before the policy is cancelled.

6.1.2.3 **Company and terms**. All insurance required by the mortgage must be with a reputable insurer. If we ask in writing, insurance must be with an insurer required by us. The policy must be for an amount and contain terms that a careful owner would usually require when insuring similar property, using it in a similar way and in a similar locality. If we ask in writing, the policy must also be for any amount or contain any other terms that we require.

6.1.2.4 **Compliance**. You will promptly pay the premiums and other costs for all insurance required by the mortgage, comply with all of your obligations in relation to the policy and comply with all of the terms relating to your right to collect under the policy.

6.1.2.5 **Proof**. You will, if we ask in writing, ensure that we receive a certified copy of every policy for the insurance required by the mortgage and every amendment to the policy. Where a policy expires, you will, if we ask in writing, ensure that we receive proof of the renewal or replacement at least 30 days before the expiry. You will, also if we ask in writing, provide us with a receipt for the premium and other proof that you are complying with your obligations as to insurance.

6.1.2.6 **New policy**. If we at any time ask in writing, you will cancel a policy and replace it with a policy approved by us and issued by an insurer approved by us.

6.1.2.7 **Claims**. If any of the property which is insured is lost or damaged, you will make a claim in accordance with the insurance policy and ensure that the proceeds are paid to us.

6.1.2.8 **Use of proceeds**. We may require the proceeds of all insurance against loss of or damage to property to be used either to reduce or pay payment obligations (even though they may not then have become payable), or to restore or replace the property, or partly in one way and partly in the other.

6.1.2.9 **Our right to insure**. If you do not comply with any of your obligations as to insurance in the mortgage, we may obtain any insurance that the mortgage requires you to obtain or any other insurance that we think is needed to protect our interest. We are not obliged to do so and have no responsibility to you for any insurance we obtain. If we shall pay any premiums or sums of money for insurance of the property or any part thereof, the amount of such payment shall be added to the debt secured by the mortgage.

6.2 Taxes and other charges.

6.2.1 **Payment**. You will pay all property taxes when they are due. You will pay all other charges on the property when they are due. The charges include every mortgage, charge, lien, rent or other encumbrance on the property. If we ask in writing you will give us a receipt or other proof that you have

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paid every property tax and other charge. Notwithstanding the foregoing, you will submit to us within two weeks of the date upon which the last installment of property taxes is to be made in a calendar year proof of the payment of all property taxes.

6.2.2 **Instalments of taxes**. Whenever we ask in writing, you will pay instalments to us to enable us to pay the property taxes on the real estate in accordance with the following provisions.

6.2.2.1 We may estimate the amount needed to pay any property taxes and decide when to pay them. We may decide to pay property taxes once or twice a year in advance, even if they can be paid more frequently. We may choose the period over which we wish to collect instalments of property taxes. The instalments will be monthly but if other payments by you are more frequent, we may require the instalments to be the same. We may then require you to pay us the estimated property taxes by the instalments during the period. If the period started before we began collecting the instalments, we may require you to pay a lump sum to cover previous instalments.

6.2.2.2 If we require you to pay instalments to us for property taxes, we will use the instalments to pay the property taxes. However, if any of the payment obligations has not been complied with, we may use the instalments to reduce the payment obligations. If we have collected more than we need to pay the property taxes, we may keep the excess to pay future property taxes. If we have not collected enough to pay the property taxes, you will pay the shortfall when it is due, or we may pay it. If we pay it, you will pay us our expenses in doing so. If we wish, we may recover these expenses by increasing future instalments of property taxes.

6.2.2.3 If we require you to pay instalments for property taxes, you will promptly forward to us all bills for property taxes that you receive.

6.2.2.4 If we require you to pay instalments for property taxes, we will deal with the instalments in accordance with our normal administrative practice at the time for the same kind of mortgage.

6.3 **Maintenance of property**. You must put and keep the property in good repair. You must restore or replace property that cannot be repaired.

6.4 **Alterations or additions**.

6.4.1 **Restrictions**. You will not, without our prior written approval, do any of the following things, even if the work was proposed or in progress when the mortgage was signed.

6.4.1.1 Make or permit a structural alteration, structural addition or major change to the real estate.

6.4.1.2 Remove any machinery or equipment that serves a building on the real estate.

6.4.1.3 Demolish a building on the real estate or do or permit anyone else to do anything that lowers the value of the real estate.

6.4.2 **Conditions**. Before giving approval, we may require you to provide us with plans and specifications prepared by a professional architect or engineer, draft contracts and other reasonable information relating to the work. We may make our approval subject to reasonable conditions.

6.5 **Work on real estate**.

6.5.1 **Obligations**. Where you are required or permitted to do work on the real estate, you will comply with the following obligations:

6.5.1.1 You will do the work in a good and workmanlike manner using good materials.

6.5.1.2 You will conform to any contracts, plans, specifications or other description that we may have approved and you will comply with any conditions to which our approval is subject.

6.5.1.3 You will do the work with reasonable speed and without interruption until it is completed, and you will not abandon it.

6.5.2 **Construction liens**. You will comply with all your legal obligations as to payment for any work on the real estate and you will comply with laws relating to construction liens. If a claim is made for a construction lien against your interest in the real estate, you will if we ask in writing immediately have it removed, by court order if necessary. If you fail to do so, we may have the lien removed and provide any security needed for the purpose. All expenses incurred by us pursuant to this section shall be reimbursed by you to us.

6.6 **Covenants and other obligations**. You will comply with every covenant, condition and other agreement that affects the property. If property is leased to you, they include those under the lease. You will also not do or permit and you will try to prevent anything that, under the terms of a covenant, condition or agreement, might detract from your interest in the property. You will pay us any loss we may suffer as a result of your failure to comply with this section. You will comply with your obligations under every mortgage, charge, lien, rent or other encumbrance on the property.

6.7 **Preferred Claims**. This section applies to a preferred claim. This is an amount to which any of our rights under the mortgage is or may become subject, which takes or may take away any of those rights or which impairs or may impair those rights. It includes an amount that does or may do so in any of the following ways, for example. It causes a lien, implied lien, charge, trust, deemed trust or other claim on the property, or on the income or any other benefit from the property. It prevents us from receiving, or a receiver, manager from giving us, the full benefit of our security. It runs with the property or imposes an obligation on anyone who acquires an interest in the property from us. Or it may allow a person supplying an important service for the property to cut off the service. You must pay every preferred claim when it is due. If the claim became due before the mortgage was given and is unpaid, you must pay it immediately. Where anything that you do may create a preferred claim in the future, you must set and keep money aside to pay the claim.

6.8 **Legal requirements**. You will ensure that the property and its use comply with every law.

6.9 **Environmental matters**.

6.9.1 **Environmental law**. You will ensure that the real estate and every activity that is conducted on the real estate will comply with every law dealing with the regulation, preservation, reclamation or protection of the environment or natural resources or to human health and safety or to the management, presence, existence, release or handling of any pollutants, including common law.

6.9.2 **Environmental risks**. You will take reasonable care not to do and to prevent anything on the real estate that harms the environment or natural resources. You will not change or permit a change in the use of the real estate that materially increases the environmental risk relating to the real estate, unless we give our prior written approval to the change. We may make our approval subject to reasonable conditions, including security for clean-up and monitoring costs, and you will comply with those conditions.

6.9.3 **Pollutants**. You will not put or allow anyone else to put a pollutant in or on any part of the real estate (including water).

6.9.4 **Information**. You will give us prompt written notice of any material fact of which you become aware and which relates to the status of the real estate under any law dealing with the regulation, preservation, reclamation or protection of the environment or to any pollutants on or in the real estate. You will promptly give us a copy of any report that you prepare or receive and that relates to those matters. You will also promptly give us copies of all notices relating to your potential liability in relation to those matters.

6.9.5 **Right to Enter**. We will have the right to enter upon the real estate at all reasonable times for the purpose of conducting any environmental testing, assessment, investigation or study deemed necessary by us and will rectify any damage caused by such test. You agree that in exercising such rights, we or our agents shall not be considered to be in possession, management or control of the real estate.

6.9.6 **Consultants' Fees**. If we, or someone on our behalf, retains the services of any lawyer or any engineer, scientist or any environmental or other consultant or contractor in connection with any environmental matter, you shall pay the reasonable costs, charges, expenses and fees thereby incurred if any such person or persons are retained as a result of any breach of law or in connection with any enquiry or investigation by a federal, territorial, provincial, municipal or local government or agency in connection with environmental law or if the services performed are reasonably necessary for the performance of our functions under this mortgage or for the preservation, reclamation or protection of the property.

6.9.7 **Failure to Pay Fees**. If you fail to pay the amount of all such costs, expenses or fees forthwith on demand by us, the amount of all such obligations, costs, charges, fees and expenses which we incur with respect to any matter referred to in section 6.9.6 shall be added to the debt hereby secured and be a charge on the property and shall bear interest at the rate described in the mortgage and shall be payable forthwith by you to us and in default of such payment we may exercise any and all of our remedies hereunder.

6.10 **Leases**.

6.10.1 **Our approval required in some cases**.

6.10.1.1 Before entering into any of the following leases, you will obtain our written approval to the lease. The leases are:

A lease of more than 20% of all rentable areas on the real estate.

A lease at a rent of more than 20% of the total net rent from the real estate. The total net rent is the actual net rent for premises then leased, the proposed net rent for the premises then being leased and the projected net rent for all other unleased premises.

A lease of premises which were previously leased, if the net rent under the lease is at a rate for the rentable area of less than 85% the rate under the previous lease.

A lease to a tenant not dealing at arm's length with you.

6.10.2 In calculating net rent under this paragraph, we may reduce the rent to take into account your expenses, such as for inducements. You will be bound by a calculation of the percentages under this paragraph that we make in good faith.

6.10.3 We will not withhold our approval to a lease unreasonably, except to a lease to a tenant not dealing at arm's length with you.

6.10.4 Our approving a lease does not mean that our interest is bound by it.

6.10.5 **Conditions**. You will not enter into a lease unless the lease satisfies the following conditions:

6.10.5.1 The lease is to a tenant, at a rent and on terms that are reasonable to the landlord, and you have taken the steps in entering into the lease that would be taken by a prudent landlord.

6.10.5.2 The lease restricts the tenant's use of the premises to a use that is appropriate for the real estate.

6.10.5.3 The lease does not require the tenant to pay rent more in advance than monthly or make any other kind of advance payment to you for the benefit of the lease (except for any security deposit of not more than one month's rent).

6.10.5.4 The lease does not permit the tenant to deduct from the rent or from other payments due to the landlord under the lease any amount that the tenant may claim from the landlord.

6.11 **Dealing with tenants**.

6.11.1 We are not bound by any of the following things unless we give our prior written approval to them. We will not withhold our approval unreasonably. The things are:

6.11.1.1 A surrender or termination of a lease or an agreement to surrender or terminate a lease.

6.11.1.2 A material amendment of or agreement to amend a lease, a release or waiver of the tenant's obligations under a lease, or a release of any of your remedies for a serious breach of the tenant's obligations under a lease.

6.11.2 You will not accept rent from the tenant under a lease more than one month in advance (except for a security deposit of not more than one month's rent).

6.12 **Rent control and standards.** You must comply

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with every law as to rents that may be charged to tenants of the real estate and as to the standards to which the real estate must conform.

6.13**Our right to inspect**. You will permit us and anyone we authorize to enter the real estate at reasonable times to inspect it, to make tests of it and to take samples from it.

6.14**Proceedings affecting property**. You will immediately notify us in writing if anyone takes or threatens any action under any law relating to the property. This includes a court action (such as a construction lien claim), a proceeding before an administrative body (such as a zoning hearing or environmental assessment), an official action (such as an order to comply with a by-law) or a notice of a failure to comply with an agreement that affects the property.

6.15**Accounts statements and information**.

6.15.1 You will at all times keep records and accounts for the property in accordance with sound accounting practice. You will permit us and anyone we authorize to inspect these records and accounts at reasonable times and make a copy of them.

6.15.2 Within 120 days after the end of each financial year, you will give us all of the following:

6.15.2.1 A copy of financial statements prepared by a chartered accountant in accordance with generally accepted accounting principles and if we reasonably ask in writing, the statements must be audited by an independent firm of chartered accountants.

6.15.2.2 A separate statement setting out the income and operating expenses for the real estate.

6.15.3 The financial statements must be for anyone who is responsible for all or part of the payment obligations. This applies to:

6.15.3.1 Anyone who has guaranteed all or part of the payment obligations.

6.15.3.2 Where property is held by a trustee, anyone who is a beneficial owner of the property.

6.15.4 You will give us any other financial or other information about the property that you have or can reasonably obtain and that we ask for in writing. You authorize anyone else to give us information about the property.

6.15.5 We may require any records, accounts, statements or other information provided to us pursuant to this section and to be verified at your expense by statutory declaration(s) by you or, as the case may be, such of your directors as we may require.

6.16**Conduct of business**. You will use, manage and operate the property in a reasonably prudent manner, and you will pay all expenses for doing so. If you are a corporation you must maintain your corporate existence.

6.17**Professional management**. If you do not comply with the previous section, we may give you a written notice requiring you to comply. If 30 days after the notice you are still not complying, we may give you a notice requiring you to use a manager chosen by us. You will then employ and use that manager to manage the real estate. You will pay the manager's remuneration and expenses.

6.18**Persons other than you**. Where the property is occupied or used by another person, you agree that the person will comply with your obligations.

6.19**Use of income**. Until you have paid all current expenses directly attributable to the ownership and operation of the real estate, including all payment obligations, that have become payable, you must not use any rent and other money payable under a lease, or any other income from the real estate, for any other purpose.

6.20**Use of real estate**. You will not, without our prior written approval, make a change in the use of the real estate. You will not abandon the real estate.

6.21**Indemnity and release**. You agree to pay to the persons described below all loss that they suffer and that is caused by any of the causes listed below, and the persons are not liable to you for any loss so caused. The loss includes loss from a liability or from a cost relating to the liability. The causes are injury to or death of a person or loss of or damage to property on or about the real estate; a use, non-use or condition on or about the real estate; and a breach of any law relating to the real estate or its use or a pollutant in or on the real estate (including water), even if the breach occurred, or the pollutant was in or on the real estate when the mortgage was given. The persons are as follows. Us, a person for whom we hold the payment obligations, a person for whose benefit we or the person hold any of the payment obligations, and a receiver or receiver and manager appointed under the mortgage. A shareholder, director, officer, employee and agent of us, the person or the receiver or receiver and manager. And an heir, legal representative, successor or assignee of anyone listed in the previous two sentences. You agree to pay the loss to us, and we are not liable for the loss, even where it was caused by our negligence, but this sentence does not cover a loss while we were in possession of the real estate on or about which the loss was caused. Your liability under this subsection continues indefinitely after the mortgage is discharged. This section does not limit a right of us or a person who benefits under this section under any other term of the mortgage.

6.22**Other agreements**. You must comply with your obligations to us under any other agreement that relates to payment obligations.

PART 7. ACTIONS WE CAN TAKE UNDER THE MORTGAGE

7.1 **When we can enforce the security.** We can enforce the security and take action under this part after any of the events listed below has occurred. We can do so even if the cause of the event is outside anyone's control. We can do so without presentment, protest, demand or notice, all of which you waive. If you are more than one person, an event for each person is an event for both or all of you. The events are:

7.1.1 A payment, or part of a payment, under any of the payment obligations is not made when it is due. This applies whether the amount is due on demand or a fixed date and by acceleration or otherwise.

7.1.2 Any other obligation to us under the mortgage is not complied with. Or where you are to do or not do something, on or to the property, or as to its use, another person does the thing.

7.1.3 Anything happens that impairs any of our security or any interest of yours in the property.

7.1.4 Any of the statements made, or information given, to us under or in connection with the mortgage is materially incorrect or incomplete. A statement or information may have been limited to what the person who made or gave it knew. However, we can take action under this part if we find that the matters in the statement or information are materially incorrect even though the person making the statement or giving the information did not know that it was incorrect, or had done what was reasonable to verify it.

7.1.5 Any obligation to us under any other agreement which relates to payment obligations is not complied with, or an event of default occurs under such an agreement.

7.1.6 Any obligation to us under any other agreement made between you and us is not complied with.

7.1.7 At any time during this mortgage the property or its use do not comply substantially with every law or a part of the real estate (including water) is composed of a pollutant.

7.1.8 You become insolvent (or, if you are more than one person, any of you does). Or anyone who is responsible for all or part of the payment obligations becomes insolvent, including a guarantor or indemnifier. A person becomes insolvent when any of the following happens. The person becomes a bankrupt or an insolvent, or is found in a legal process to be bankrupt or insolvent. The person makes an assignment for the benefit of creditors. Anyone enforces a judgment, distress or similar process against an asset of the person. A liquidator, receiver, trustee or similar officer is appointed for all or part of the person's assets or income. The person or anyone else starts a bankruptcy, arrangement or readjustment of debt, dissolution, liquidation or similar proceeding relating to the person under any law, including a proposal. And the person admits in writing the person's inability to pay the person's debts as they become due. Where anyone other than the person enforces the process or starts the proceeding, the person becomes insolvent only if the process or proceeding has not been dismissed, discharged or bonded within 60 days after it was enforced or started.

7.1.9 In our opinion, there is a material adverse change in your financial condition, in the value of the real estate, or in the income from the real estate.

7.1.10 Any other event occurs after which the mortgage says we can take action under this part.

7.2 **We may require obligations to be paid immediately**. When we can take action under this part, we may require immediate payment of payment obligations (including obligations that have not become payable). The obligation to make the payment is, however, subject to any provision of a law which applies despite what you and we have agreed to in this section and which gives you a right to avoid the consequences of this requirement.

7.3 **We may take action**. We may take legal action to collect the payment obligations.

7.4 **We may take possession of property**. When we can take action under this part, we may take possession of the property.

7.5 **We may collect income from property**. When we can take action under this part, we may collect income from property.

7.6 **We may sell property**. When we can take action under this part, we may sell or dispose of the property covered by our security, without going to court. We may also ask a court to order a sale of the property.

7.7 **We may divide property**. When we are in a position to sell the interest in the property covered by our security, we may, if any other person also has an interest in the property, agree with that person to divide the property between persons who have interests in it or to acquire an interest of the person. We may pay or receive money for the purpose and money we pay is a cost that you must pay.

7.8 **We may exercise the powers of an owner**. When we take possession of or collect income from the property, we may exercise all the powers of an owner of the property and you will be bound by our actions. These powers include the following. We may manage and operate the property and carry on a business relating to the property. We may make or continue a repair, alteration or addition to the property. We take legal proceeding relating to the property. We may borrow money or advance money for the purpose of exercising our powers. We may enter into contracts for the purpose of exercising our powers.

7.9 **We may appoint a receiver (or receiver and manager)**.

7.9.1 **Appointment and removal**. When we can take action under this part, we may, in writing, appoint anyone to be a receiver or a receiver and manager as to the property on any terms, including remuneration, that we think are reasonable. References in the mortgage to a receiver include a receiver and manager. We need not obtain security from the receiver and are not limited by any law in our choice of the receiver. We may make the appointment even if we have taken possession of property and, when we do so, we will be treated as having gone out of possession. We may also, in writing, remove a receiver appointed by us. When we remove a receiver, we may appoint a new receiver.

7.9.2 **Effect of appointment**. A receiver appointed by us is considered to be your agent and not ours; the receiver's acts and defaults are considered your acts and defaults and not ours; and you alone are responsible for the receiver's acts and defaults and will pay the receiver's remuneration and expenses. Neither the appointment nor anything done by the receiver puts us in possession of property or makes us accountable for money except money we actually receive.

7.9.3 **Receiver's powers**. A receiver appointed by us has the following powers:

7.9.3.1 The receiver may exercise any right or power that we can exercise, except where the appointment restricts the receiver from exercising a right or power.

7.9.3.2 The receiver may use any legal right or

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remedy of yours or ours, in your name or ours, to collect income from the property.

7.9.3.3 The receiver may borrow money on the security of the property in priority to the mortgage for the purpose of exercising the receiver's powers.

7.9.4 **Use of money**. We may require the receiver to pay money received to us or we may direct the receiver to use it as follows:

7.9.4.1 To pay the receiver's remuneration and expenses.

7.9.4.2 To pay rents, property taxes, insurance premiums, costs of repair and other expenses relating to the property.

7.9.4.3 To pay money owing under a mortgage or other encumbrance having priority over the mortgage.

7.9.4.4 To pay or reduce any of the payment obligations.

7.9.4.5 To pay any of the money that remains to the person who, if the receiver had not been appointed, would have been entitled to it.

7.9.5 **Protection of receiver**. You release every receiver appointed by us from all claims against the receiver, unless they are caused by the receiver's dishonesty or gross neglect. You agree to pay every receiver all losses suffered by the receiver under liabilities the receiver incurs as receiver, except as far as they are caused by the receiver's dishonesty or gross neglect.

7.9.6 **Court receiver**. We may also ask a court to appoint a receiver.

7.10**We may lease property**. When we can take action under this part, we may do the following things:

7.10.1 We may grant a lease.

7.10.2 We may terminate a lease, accept a surrender of a lease or agree to amend a lease.

7.11**Distress**. We may levy distress on movable property that is on the real estate. When we can take action under this part, we may distrain to obtain payment of the payment obligations, as if they had been rent. This power is subject to restrictions imposed by law where the real estate is used for residential purposes. You waive any exemption from our right to distrain and any limit on it. Distraining does not put us in possession of the real estate and we need account only for money we actually receive.

7.12**We may consolidate another mortgage**. Where a principle of equity would give us a right to refuse a discharge of the mortgage, until another mortgage is paid (that is, to consolidate mortgages), you agree that we have the right despite any statute.

7.13**We may foreclose**. When we can take action under this part, we may take proceedings to foreclose the real estate, and ourselves become the owner of the interest in the property covered by our security.

7.14**We may ourselves carry out an obligation of yours.**

7.14.1 **General**. When we can take action under this part, we may carry out any obligation with which you have failed to comply. We or anyone we authorize may enter the real estate for the purpose. Nothing we do under this section puts us in possession of the property.

7.14.2 **Prior mortgages etc**. When we can take action under this part, we may also pay a property tax or a mortgage, charge, lien, rent or other encumbrance on the property if it has priority over the mortgage. If we do so, we not only have the rights given to us by the mortgage, but we are also entitled to the rights of the person paid. If a person paid gives a discharge, we may hold it, without registering it, for longer than any period during which any law might otherwise require us to register it.

7.15**We may recover expenses**. You will pay us all our expenses and costs in collecting under the payment obligations and exercising our rights under this part.

7.16**How we may exercise our powers**. When we exercise any of our powers under these terms, the following terms apply.

7.16.1 We may exercise the power as to all or part of the property or as to any interest in all or part of the property. We may exercise the power without obtaining any consent or co-operation from you. We may exercise the power even if we have not taken possession of the property. We may exercise the power to enter into a sale, lease or other transaction in any way and on any terms that we think are reasonable. For example, we may do so by private contract as well as by public auction or tender, and we may sell on credit as well as for cash.

7.16.2 We may do everything that we think proper relating to a sale, lease or other transaction. For example, we may enter into an agreement to enter into the transaction, bring an agreement to an end, enter into a new agreement or amend an agreement. At an auction we may set a reserve price or buy in to prevent a sale that we think is inappropriate. We may sign all documents that we think are necessary for the above purposes.

7.16.3 If we sell on credit, we need not account for the proceeds until we receive them.

7.16.4 We may transfer or deal in any other way with every interest in the property that you had the power to dispose of or deal with.

7.16.5 You will, at our request, do everything that we think is necessary or advisable to transfer your interest in the property or deal in any other way with it and you will pay our expenses for that.

7.16.6 Where a receiver exercises a right or power, this section applies as if all references to us were to the receiver.

7.17**Other terms relating to our rights**.

7.17.1 **Legal requirements apply**. Our rights in this part are subject to our giving any notice required by any law that applies despite what you and we have agreed to. Subject to this and to the other terms of the mortgage, we may take any action under this part without notice.

7.17.2 **Other rights**. The rights set out in these terms are not exhaustive; we may exercise any other right given to us by the mortgage, any other agreement or the law.

7.17.3 **We may exercise more than one right**. We may exercise more than one of the rights given to us by the mortgage, any other agreement or the law at the same time, at different times and in any order we choose.

7.17.4 **Use of proceeds**. We may use money that we receive from taking action under this part to reduce or pay any of the payment obligations in whatever manner we decide.

7.17.5 **Shortfall**. If money we receive from taking action under this part falls short of the total payment obligations owing, we retain the right to recover the shortfall.

7.17.6 **Articles left on real estate**. If, when we take possession of real estate, you leave an article on it, you will pay a reasonable charge for storage. You will also pay any expenses we incur for the article. We may remove the article from the real estate. We are not liable for loss of the article or damage to it, however caused, even if intentionally or by gross negligence.

7.18**Protection of persons who deal with us or a receiver**.

7.18.1 When we sell, grant a lease, collect income or enter into any other kind of transaction authorized by these terms with another person, that person and any person deriving title under that person need only be satisfied that a discharge of the mortgage has not been registered and that the transaction is not of a kind that we have the power to enter. When a receiver appointed by us enters into any kind of transaction with another person, that person and any person deriving title under that person need only be satisfied that a discharge of the mortgage has not been registered, that we have signed a document purporting to appoint the receiver, that the transaction is of a kind that we have the power to enter and that the transaction is not of a kind that the document signed by us restricts the receiver from entering. A statutory declaration by us or an officer of ours as to any fact set out in this paragraph will be conclusive evidence in favour of every person referred to above. Every such person may assume without inquiry that we can take action under this part, that we are using our powers properly and that the receiver is issuing the receiver's powers properly. The person is not affected by the fact that a transaction is improper, even if the person actually knows of the fact. In particular, the person may do the following things:

7.18.1.1 The person may assume that there are outstanding payment obligations under the mortgage, that we have given any required notice and that any required time has passed.

7.18.1.2 The person may assume that an event has occurred which gives us the right to take action under this part, that we have given any required notice and that any required time has passed.

7.18.1.3 Where we or the receiver can take action under this part on terms that we or the receiver thinks is reasonable, the person may assume that the terms on which we or the receiver takes action under this part are reasonable.

7.18.1.4 The person may pay money to us or the receiver without being concerned about what we or the receiver do with it.

7.18.2 Any transaction that conforms to the previous subsection will bind you. You will not make any claim against the person who deals with us or the receiver or that person's successors on the ground that the transaction does not conform to other terms of the mortgage. If you do have a claim for anything done by us, it will be restricted to a claim for compensation against us.

7.19**How our obligation to lend money is affected**. Despite any other agreement, we need not lend money, make an advance or make credit available in any other way during the following periods:

7.19.1 While we can take action under this part.

7.19.2 While any circumstances exist which would have given us the right to take action under this part if we had not been required to give notice or allow time to pass.

7.20**Our protection**. We are not responsible for any loss arising in the course of our taking action under this part or exercising a right under any other term of the mortgage, even if it was caused by negligence, unless it results from our dishonesty or our gross neglect.

PART 8. OTHER TERMS

8.1 **How various transactions or events affect us.**

8.1.1 **The mortgage**. Our taking the mortgage or our advancing money under it does not put us under an obligation to lend money or to extend any other kind of credit. Nor does it add to any such obligation that we may have.

8.1.2 **Our rights**. A right of ours under the mortgage does not relieve you from a duty as to the property or put a duty on us. Nor does our exercising the right. In particular, the right or exercise does not mean that we take over a duty based on possession, management or control. This subsection does not limit our rights.

8.1.3 **Other transactions**. Nothing in any other transaction between you and us takes away our rights under the mortgage. Nothing in the mortgage takes away our rights under any other transaction.

8.1.4 **Due on Sale**. Despite other terms of the mortgage, we may at our option require immediate payment of all of the payment obligations whenever there is a transfer of your interest in the real estate or any part thereof or upon the transfer of any interest in you to another person unless we give our prior written approval to the transfer, which approval will not be unreasonably withheld. You must give us written notice of a transfer at least 30 days before it occurs, together with all information we might reasonably require to decide whether to approve the transfer. We do not withhold approval unreasonably where we are not satisfied that a transferee is credit worthy or has the expertise needed to manage the real estate. We do not withhold approval unreasonably where we require a transferee to agree with us to comply with the mortgage or a major shareholder of the non-public corporate transferee to give us a guarantee or indemnity. We do not withhold our approval unreasonably if we do so while we can enforce the security. Our approving a transfer does not impair or waive our right under this section on a future transfer. This section does not impair any other right that we may have to approve or consent to a transfer. In this section, transfer includes a transfer by law and, for a non-public corporation, a change of control (direct or indirect) or amalgamation of the corporation.

8.1.5 **Your obligation to notify us after a transfer.** After a transfer of the interest in the real estate or any part of it of an owner or beneficial owner, you must promptly notify us in writing of the date of the transfer. Except where we have already received the details, the notice must include the price or consideration, the full name and address of every transferee and where the transferee is a trustee, the same information for a beneficial owner.

8.1.6 **Further encumbrance**. Despite other terms of the mortgage, we may at our option require immediate payment of all of the payment obligations whenever, after the mortgage is given, a mortgage or charge is given in all or part of the real estate, unless we give our prior written approval to the mortgage or charge. You agree that there will not without our prior written approval be a mortgage or charge on the interest in all or part of the real estate of an owner. We may not withhold approval unreasonably. We do not withhold approval unreasonably if we do so while we can enforce the security. Our approving a mortgage or charge does not impair or waive our right under this section on a future mortgage or charge. You must give us written notice of a mortgage or charge at least thirty (30) days before it occurs, together with all information we might reasonably require to decide whether to approve the mortgage or charge. This must include a copy of every agreement for the mortgage or charge, including its financial terms.

8.1.7 **Your selling or dealing with the property**. If you sell or deal in any other way with your interest in the property or part of it, you continue to be liable for your obligations under the mortgage, and our rights against you or anyone else are not affected. Nothing that we do in connection with a sale or dealing (including our approving a transfer or having a person agree to assume a liability or give a guarantee or indemnity) impairs those rights.

8.1.8 **Subdivision of the real estate**. If the real estate is subdivided into a lot, condominium unit or other part, every part of the property secures the total amount of the payment obligations.

8.1.9 **Our giving releases or discharges**. If we release anyone from an obligation or if we release any security, our rights against anyone else or under any other security are not affected. This applies when we agree to extend the time for payment of any of the payment obligations or to change their terms in any other way. It also applies when we discharge part of the property from the mortgage; if we do, the property not discharged secures the total payment obligations that remain owing. These terms apply whatever are the terms on which we give the release or discharge and even if we receive nothing in return. We are not liable to you for the release or discharge, except to account to you for money that we both actually received and accept to reduce the payment obligations.

8.1.10 **Our delaying taking action or waiving rights**. If we delay taking action under part 7 or exercising any other right under the mortgage or any other agreement, we do not lose or impair the right or any other right. If we waive a breach of any obligation under the mortgage or any other agreement we do not lose or impair the right or any right. If we waive a right, we do not lose or impair any other right of ours. We will not be bound by an agreement that contains a waiver unless it is in writing and is signed by us.

8.1.11 **Our dealing with future owners**. After the mortgage is signed, a person may become an owner of the property and we may enter into an agreement with that person, extending the time for payment of the payment obligations or changing the payment obligations in some other way. If so, we do not lose or impair our rights against anyone who had agreed to pay or had guaranteed the payment obligations or given an indemnity. The same applies if we deal in any other way with a new owner or deal in any way with any other person who has an interest in the property or part of it.

8.1.12 **Our obtaining a judgment**. If we obtain a court judgment for a failure to pay any of the payment obligations or to perform any other obligation, the judgment will not supersede the obligation, or detract from the obligation or our right to take action under part 7. We will continue to be entitled to interest under the payment obligations, calculated and payable as agreed, and the judgment may so provide.

8.2 **Your liability if there are more than one of you**. Where there is more than one of you, both or all of you are jointly and severally liable for the obligations of each of you under the mortgage.

8.3 **Your spouse**. While any existing or future law gives your spouse any right if we enforce the security, you must keep us informed in writing of the full name and address of the spouse. Spouse includes anyone whom the law treats like a spouse for the purpose of the security.

8.4 **How the mortgage is affected if a term is invalid or unenforceable**. If a term of the mortgage is or becomes invalid or unenforceable, that does not make the mortgage or other terms invalid or enforceable. If our security as to part of the property or an interest in property is invalid or unenforceable, it remains valid or enforceable as to the remaining part or interest.

8.5 **Changes to the mortgage must be in writing**. We will not be bound by any change to the terms of the mortgage that detracts from our rights unless it is in writing and signed by us.

8.6 **We assume no additional responsibility**. Nothing we do relating to the mortgage puts us under a duty of care towards you. You should not rely, for example, on an appraisal we make as showing the value of property, on our requiring insurance as showing that it is appropriate, on an inspection as showing that property is without defect, or on our approving a lease as showing that it is advisable.

8.7 **Notices or other communications**.

8.7.1 **How we may give notices**. Where the mortgage requires or allows us to give a notice to any person (including you) or to communicate in any other way in writing with any person (including you), we may give the notice or communication in any of the following ways. We may deliver it personally to the person. If the person is a corporation or partnership, we may deliver it personally to anyone we reasonably believe to be a director, officer, general partner or responsible employee or agent of the corporation or partnership. We may leave it at the person's address last known to us with a grown-up person there or in a place where it should reasonably be seen by anyone at that address. We may mail it by prepaid mail addressed to the person at the person's mailing address last known to us, and we may choose whether to send it by ordinary, certified or registered mail. We may send it by fax to the person's fax last known to us. We may advertise it in a newspaper published or generally read in the area where any part of the real estate is situated.

8.7.2 **Addressee**. A notice or communication is valid even though it is not addressed to anyone by name or description. It is also valid even though the person affected by it is not known, has not been identified or is under a disability.

8.7.3 **Time of receipt**. A notice or communication delivered, left or advertised in any of the ways set out above will be regarded as given to the person when it is so delivered, left or published. A notice or communication mailed as set out above will be regarded as given on the third business day after it was mailed, whether the person actually receives it or not. A notice or communication sent by fax on a business day and before 3 p.m. in the place to which it is sent will be regarded as given on that day; otherwise it will be regarded as given on the next business day after it was sent.

8.7.4 **Law**. This section does not take from us the benefit of any provision of the law dealing with a notice or communication. In particular, a notice of sale will be validly given if it would be regarded as properly given under any law.

8.7.5 **Who is entitled to a notice of communication**. Where the mortgage requires or allows us to give a notice to you or communicate with you in any other way, the notice or communication is valid if we give or make it to either of the persons described below. This is so even though the expression "you" may include others or the notices of communication relates to property other than real estate. The persons are:

8.7.5.1 If your interest in the real estate or part of the real estate is not subject to a lease, a person that we believe is entitled to possession of the real estate or part.

8.7.5.2 If your interest in the real estate or part of the real estate is subject to a lease, a person that we believe is entitled to receive income from the tenant.

8.8 **How others are affected by the mortgage**.

8.8.1 Your obligations under the mortgage are binding on and our obligations under it benefit your legal or personal representative and every person who after the mortgage is signed becomes the holder of an interest or right in the property or a part of it. Wherever the mortgage refers to you, that includes every such representative and person.

8.8.2 The mortgage is binding on and benefits our legal or personal representative and every other person who after the mortgage is signed becomes the holder of an interest or right in the mortgage or a part of it. Wherever the mortgage refers to us, that includes every such representative and person. You specifically agree that the representative or person has the powers that the mortgage gives to us.

8.8.3 You agree that, without your consent, the benefit of all or part of our rights, or any interest in or power relating to all or part of our rights, under this mortgage or under any existing or future security, guarantee or other right relating to the subject matter of this mortgage, may be transferred by us to other persons or otherwise dealt with by us, free from any set-off, counterclaim or other equity or claim. Any information received by us may be disclosed to others. Everything to facilitate a transfer or dealing that may be requested in writing will be done at the expense of the person requesting it. If a transferee of all or part of our rights agrees to assume any obligation of ours relating to those rights, we will be released from liability for the obligation.

8.9 **Effect of law or other transactions, including any commitment**. The mortgage adds to our rights. Nothing in the mortgage takes away or reduces our rights under any law or other transaction. Nothing in any other transaction between you and us takes away or reduces our rights under the mortgage. If there is a conflict between the mortgage and a law or another transaction, it must be resolved to give us the rights under both or, where there is a conflict, the better rights. Subject to the above, the terms of a commitment or agreement for the mortgage continue in force (and do not merge into the mortgage).

8.10**Our approvals, consents and other actions**. Where under the mortgage we have a right to approve or consent to anything, or to be satisfied about anything, or to make any other decision, we have the sole discretion in exercising the right, except where the mortgage expressly provides otherwise. Where the mortgage expressly provides that we must act reasonably or in another way, we must be taken to have done so, unless you have shown us that we are acting unreasonably or not in that way. Where we act unreasonably or not in that way, we need not compensate you for any loss caused.

8.11**Governing law**. The mortgage is governed by the law of the jurisdiction in which the real estate is located, including federal law in force in that jurisdiction. The courts of that jurisdiction have jurisdiction in matters under the mortgage.

8.12**Consideration**. You agree that you are giving the mortgage in return for, among other things, one dollar, which you have received. Every other person entering the mortgage agrees that the person is doing so in return for, among other things, one dollar, which the person has received.

8.13**Counterparts**. The mortgage may be signed in counterparts.

8.14**Headings**. Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

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8.15 **Terms included by law**. Subsection 7(1) of the Land Registration Reform Act includes terms in a mortgage unless the mortgage excludes them. Neither those terms nor any similar terms in any future law are included in the mortgage.

Dated June 12, 2006.

ALTERNA SAVINGS AND CREDIT UNION LIMITED

By:

_______________________________ c/s

Name: Allan Jensen
Title: Director, Commercial Services

CS ALTERNA BANK

By:

_______________________________ c/s

Name: Allan Jensen
Title: Director, Commercial Services

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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Scotia Mortgage™

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200626 Cote
Filing Date August 3rd 2006 Date de Dépôt
Page 1 of/de 26 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

SCOTIA MORTGAGE CORPORATION

STANDARD CHARGE TERMS
MULTI-RESIDENTIAL PROPERTIES

Filed by: Scotia Mortgage Corporation

The following set of *Standard Charge Terms* shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the *Land Registration Reform Act* (Ontario), as amended (the "**Act**").

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Scotia Mortgage™

1. STATUTORY COVENANTS

The implied covenants deemed to be included in a charge pursuant to Section 7(1) of the Act shall be in addition to, and not in substitution for, the covenants and other provisions set forth in the Charge. In the event of any conflict between any such implied covenants (as varied herein) and any other covenant or provision of the Charge, such covenant or provision as herein contained shall prevail. The lands which shall be subject to the Charge and the lands against which the Charge shall be registered shall hereinafter be referred to as the "said lands" or the "lands" or the "Property". The parties guaranteeing the obligations of the Chargor shall hereinafter be referred to as the "Guarantors" and if a single party is guaranteeing those obligations, such party shall hereinafter be referred to as the "Guarantor".

2. PROVISO FOR REDEMPTION

The Charge shall be void upon payment of the principal secured thereunder, in lawful money of Canada with interest as therein provided and taxes and performance of statute labour and performance of all covenants in the Charge. The principal sum secured hereunder together with interest thereon and all other sums payable by the Chargor hereunder shall collectively be referred to as the "Indebtedness".

3. RELEASE

The Chargor does release to the Chargee all its claims upon the said lands, subject to the proviso for redemption herein.

4. ADVANCE OF FUNDS

The Chargor agrees that neither the preparation, execution nor registration of the Charge shall bind the Chargee to advance the monies thereby secured, nor shall the advance of a part of the principal sum therein bind the Chargee to advance any unadvanced portion thereof, but nevertheless the estate hereby charged shall take effect forthwith upon the execution of the Charge by the Chargor, and the expenses of the examination of the title of the said lands and the preparation of the Charge and any valuation or other diligence are to be secured thereby in the event of the whole or any balance of the principal sum herein not being advanced, the same to be charged thereby upon the said lands, and shall be, without demand thereof, payable forthwith with interest at the rate provided for in the Charge, and in default the remedies herein shall be exercisable.

5. CHARGOR'S COVENANTS

The Chargor covenants with the Chargee that the Chargor:

(a) will pay when due the principal secured pursuant to the Charge and interest thereon as therein provided and observe the proviso for redemption herein, and will pay as they fall due all taxes rates and assessments, whether municipal, local, provincial, federal or otherwise, which now are or may hereafter be imposed, charged or levied upon the said lands and when required by the Chargee, shall transmit the receipts therefor to the Chargee;

(b) will pay all amounts which are payable thereunder or which are capable of being added to the principal sum secured thereby pursuant to the provisions of the Charge, including, without limiting the generality of the foregoing, all servicing or other fees, costs or charges provided for therein; all insurance premiums; the amount paid for the supply of any fuel or utilities to the said lands; all costs, commissions, fees and disbursements incurred by the Chargee in constructing, inspecting, appraising, selling, managing, repairing or maintaining the said lands; all costs incurred by the Chargee, including legal costs on a solicitor and his own client basis, with respect to the Charge or the enforcement thereof or incurred by the Chargee arising out of or in any way related to the Charge; any amounts paid by the Chargee on account of any encumbrance, lien or charge against the said lands and any and all costs incurred by the Chargee arising out of, or in any way related to, the Chargee realizing on its security by sale or lease or otherwise;

(c) has a good title in fee simple to the lands and has good right, full power and lawfuland absolute authority to charge the lands and to give the Charge to the Chargee upon the covenants contained in the Charge;

(d) has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the said lands, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the appropriate land registry office disclose;

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(e) shall not obtain secondary financing on the Property without the Chargee's prior written consent, and if granted, only in accordance with the conditions required by the Chargee;

(f) shall not sell, transfer or encumber the Property without the Chargee's prior written consent;

(g) shall not make any material changes, additions, or alterations to the Property without the Chargee's prior written consent; and

(h) will execute such further assurances of the lands as may be required.

6. INSURANCE

The Chargor covenants and agrees that it will insure and keep insured during the term of the Charge the buildings on the lands (now or hereafter erected) on an all-risk basis in an amount of not less than the full replacement value of the buildings located thereon from time to time, with no co-insurance provisions and with the Chargee's standard mortgage clause forming part of such insurance policy and with such insurance to include liability insurance and business interruption insurance if required by the Chargee. All such policies shall provide for loss payable to the Chargee and contain such clauses, coverages and provisions as the Chargee or its insurance consultant may require. An original of all insurance policies and endorsements from the insurer to the effect that coverage has been initiated and/or extended for a minimum period of at least one year and that all premiums with respect to such term of coverage have been paid for in full, shall be produced to the Chargee prior to any advance and at least thirty (30) days before expiration of any term of any such respective policy, failing which the Chargee may provide therefor (but shall not be obligated to do so) and charge the premium paid therefor and interest thereon at the rate provided for in the Charge to the Chargor and any amounts so paid by the Chargee shall be payable forthwith to the Chargee and shall also be a charge upon the lands secured by the Charge.

In the event that the evidence of continuation of such insurance as herein required has not been delivered to the Chargee within the required time, the Chargee shall be entitled to a servicing fee for each written inquiry which the Chargee shall make to the insurer or the Chargor pertaining to such renewal (or resulting from the Chargor's non-performance of the within covenant). In the event that the Chargee, pursuant to the within provision, arranges insurance coverage with respect to the lands, the Chargee, in addition to the aforenoted servicing fee, shall be entitled to a further servicing fee for arranging the necessary insurance coverage.

In the event of any loss or damage, the Chargor shall forthwith notify the Chargee in writing and, notwithstanding any other provision to the contrary, statutory or otherwise, in the event of any monies becoming payable pursuant to any insurance policy herein required, the Chargee may, at its option, require the said monies to be applied by the Chargor in making good the loss or damage in respect of which the money is received or, in the alternative, may at the Chargee's option require that any or all of the monies so received be applied in or towards satisfaction of any or all of the Indebtedness, whether or not such Indebtedness has become due. No damage may be repaired nor any reconstruction effected without the approval in writing of the Chargee in any event.

In the Event of damage or destruction of all or any part of the buildings, structures or improvements located on the lands, the Chargee shall have the ability to retain the services of an engineer or such other advisor or consultant as the Chargee deems appropriate to examine, review and repair the damage if necessary, all at the cost of the Chargor.

7. UTILITIES

The Chargor covenants that the Chargor will pay all utility and fuel charges related to the lands as and when they are due and that the Chargor will not allow or cause the supply of utilities or fuel to the lands to be interrupted or discontinued and that, if the supply of fuel oil or utilities is interrupted or discontinued, the Chargor will take all steps that are necessary to ensure that the supply of utilities or fuel is restored forthwith. It is specifically agreed that the failure to pay all fuel and utility charges as and when they are due or the interruption or discontinuing of the supply of fuel or utilities to the lands shall constitute a default by the Chargor within the meaning of this Charge and in addition to all other remedies provided for herein, the Charge shall, at the sole option of the Chargee, forthwith become due and payable in full.

8. TAXES

The Chargor covenants and agrees with the Chargee that with respect to municipal taxes, school taxes and local improvement rates and charges (the "**Taxes**") chargeable against the lands:

(a) the Chargee may deduct from any advance of the monies secured by the Charge an amount sufficient to pay the Taxes which have become due and payable;

(b) the Chargee may at its sole option estimate the amount of Taxes chargeable against the lands and payable in each year, which estimate may include any anticipated increase in Taxes for the year, and the Chargor shall

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forthwith upon the demand of the Chargee pay to the Chargee one-twelfth (1/12) of the estimated annual amount of such Taxes on each monthly payment date during the term of the Charge. The Chargee shall apply such payments to the Taxes so long as the Chargor is not in default, but nothing herein contained shall obligate the Chargee to apply such payments on account of Taxes more often than yearly. Provided, however, that if the Chargor shall pay any sum or sums to the Chargee to apply on account of Taxes, and if before such payments have been so applied by the Chargee there shall be default by the Chargor hereunder, the Chargee may at its option apply such sum or sums in or towards curing the default. In no event shall the Chargee be liable for any interest on any amount paid to it and the monies so received may be held with its own funds pending payment or application thereof;

(c) in the event that the Taxes actually charged in a calendar year, together with any interest and penalties thereon, exceed the amount estimated by the Chargee as aforesaid, the Chargor shall pay to the Chargee, on demand, the amount required to make up the deficiency;

(d) the Chargor shall transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of Taxes upon the lands forthwith after receipt, together with such receipts or evidence of payment of taxes as the Chargee may require in the event the Chargor pays Taxes directly to the taxing authority;

(e) the Chargor shall pay to the Chargee, in addition to any other amounts required to be paid hereunder, the amount required by the Chargee in its sole discretion for a reserve on account of future tax liabilities; and

(f) the Chargor shall in all instances be responsible for the payment of any and all penalties resulting from any late payment of tax instalments or any arrears of Taxes, and at no time shall such penalty be the responsibility of the Chargee.

9. COMPLIANCE WITH LAWS AND REGULATIONS

The Chargor covenants and agrees that the Chargor will promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directions, ordinances and regulations of every governmental authority or agency concerning the lands and further covenants and agrees at its cost and expense to take any and all steps or make any improvements or alterations thereto, structural or otherwise, ordinary or extraordinary, which may be required at any time hereafter by any such present or future laws, rules, requirements, orders, directions, ordinances or regulations.

10. LANDS INCLUDE ALL ADDITIONS

The lands shall include all structures and installations brought or placed on the lands whether or not affixed (in law) to the lands, including, without limiting the generality of the foregoing, piping, plumbing, electrical equipment or systems, aerials, refrigerators, stoves, clothes washers and dryers, dishwashers, incinerators, radiators and covers, fixed mirrors, fitted blinds, window screens and screen doors, storm windows and storm doors, shutters and awnings, floor coverings, fences, air conditioning, ventilating, heating, lighting, water heating equipment, cooking and refrigeration equipment and all component parts of any of the foregoing and it is understood and agreed that the same shall become fixtures and an accession to the freehold and a part of the lands.

11. CHANGE OF USE OR OWNERSHIP

The Chargor covenants and agrees that it will not change or permit to be changed the use of the lands without the prior written consent of the Chargee, which consent may be withheld in the Chargee's sole discretion, and, further, at no time shall the lands be used in a manner that would contravene the legislation, laws, rules, requirements, orders, directions, ordinances and regulations of any applicable governmental authority in force fromtime to time.

The Chargor covenants and agrees with the Chargee that in the event of any change of ownership (beneficial or otherwise) of the Chargor including change of partners or change of control or effective control of an incorporated Chargor, transfer, sale or other disposition of the Property, including of beneficial ownership, or part thereof (a "**Transfer**") without the Chargee's prior written consent, which consent may be withheld in the Chargee's sole discretion, and at the Chargee's option to be exercised in the Chargee's sole discretion, all or part of the monies secured with accrued interest thereon shall forthwith become due and payable. If this option is invoked the Chargor shall, in addition thereto, pay an additional amount equal to the present value of the interest loss over the remaining term of the Charge discounted at a reinvestment rate determined by the Chargee (such amount herein referred to as the "**Additional Amount**").

12. ADDITIONAL AMOUNT

Upon acceleration of payment of any of the monies secured and payable hereunder, the Chargee shall be entitled to require payment, in addition to all monies hereby secured or payable hereunder, of an amount equal to the Additional

Amount. The Chargor acknowledges and agrees that this Additional Amount represents a genuine pre-estimate of the lost yield of the loan only and is not a penalty.

13. ENVIRONMENTAL

(a) The following capitalized terms shall have the following respective meanings:

(i) "Contaminant" includes all contaminants, pollutants, substances and materials that, when Released into the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances and/or materials are or shall become prohibited, controlled or regulated pursuant to Environmental Laws, and shall include "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances" all as defined in, referred to and/or contemplated in Environmental Laws;

(ii) "Environmental Approvals" means all applicable permits, licences, authorizations, consents, directions or approvals required by Governmental Authorities pursuant to the Environmental Laws with respect to the use, occupation, ownership or operation of the Property;

(iii) "Environmental Laws" means all applicable federal, provincial and municipal laws, by-laws, regulations, executory orders, judgments and protocols, relating in whole or in part, to the environment or its protection, and without restricting the generality of the foregoing, includes without limitation, those laws relating to the manufacturing, processing, use, handling, packaging, labelling, sale, storage, recycling, transportation, treatment, destruction, burial or disposal of Hazardous Substances, employee safety, and the emission, discharge, release, deposit, issuance, spraying, dumping, throwing, pouring, spilling, emptying, placing, leaking, seeping, exhausting or abandonment of Hazardous Substances into the atmosphere, air, surface water, ground water, land surface or subsurface strata and, in each such case, as such Environmental Laws may be amended or supplemented from time to time, and "Environmental Law" means any of them;

(iv) "Governmental Authority" means any federal, provincial, territorial or municipal government and any executive, judicial, regulatory or administrative functions of, or pertaining to, and government (including, without limitation, or boards, commissions, agencies, departments and ministries);

(v) "Hazardous Substance" means any pollutant, contaminant, waste, hazardous waste, toxic substance or dangerous good which is defined or identified in or the object of any Environmental Law, the presence of which in the environment is in contravention of any Environmental Law;

(vi) "Inspections" means all inspections, evaluations or tests conducted by the Chargee or any agent or consultant thereof for the purpose of determining the environmental condition of the Property, as the Chargee may deem appropriate, acting reasonably; and

(vii) "Release" includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place, escape, leach, disperse, migrate and exhaust and when used as a noun (as applicable) has a similar meaning.

(b) The Chargor represents and warrants (which representations and warranties shall continue throughout the term of the Charge) that:

(i) the Property and its existing and prior uses comply and have at all times complied with applicable Environmental Laws and with all permits, licences and authorizations issued pursuant to Environmental Laws;

(ii) the Property is not subject to any judicial or administrative proceedings alleging violation of any Environmental Laws and there are no outstanding orders or proceedings against the Property from a Governmental Authority responsible for protecting the environment alleging the violation of any Environmental Laws;

(iii) to the knowledge of the Chargor, the Property is not the subject of any investigation by Governmental Authorities having jurisdiction evaluating whether any remedial action is needed to respond to a contravention of any Environmental Laws;

(iv) there is no contingent liability of which the Chargor has knowledge or reasonably should have knowledge in connection with the contravention of any Environmental Laws;

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(v) all Contaminants used in connection with the business conducted at the Property have at all times been received, handled, used, stored, treated, shipped and disposed of in strict compliance with all Environmental Laws;

(vi) no Contaminants have been Released into the environment or deposited, discharged, placed or disposed of at, on or near the Property as a result of the conduct of business on the Property; and

(vii) no notices of violation of any Environmental Laws have been received by the Chargor which remain outstanding and there are no outstanding directions, writs, injunctions, orders or judgments issued pursuant to Environmental Laws in respect of the Property,and/or the Chargor.

(c) The Chargor covenants with the Chargee:

(i) if not already provided, to provide to the Chargee within ninety (90) days of the execution of the Charge, an environmental audit with respect to the Property, and if an event shall have occurred after the date of the Charge, which the Chargee, acting reasonably, believes may have resulted or may result in material adverse change in the environmental condition of the Property or any part thereof, to provide such further environmental audits as theChargee may require;

(ii) to provide notice within fifteen (15) days of either having learned of any enactment or promulgation of any Environmental Laws which may result in any material adverse change in the condition, financial or otherwise, of the Property;

(iii) to defend, indemnify and hold harmless the Chargee, its directors, officers, employees, agents and their respective successors and assigns, against any and all loss, cost, expense, claim liability or alleged liability arising out of any environmental damage occasioned to the Property contravention of any Environmental Laws;

(iv) to, at all times and at its own expense, conduct its business and maintain the Property in compliance with all Environmental Laws and Environmental Approvals including causing all tenants of the Property to comply with the same;

(v) If the Chargor:

(1) receives notice from any Governmental Authority having jurisdiction that violation of any Environmental Law or Environmental Approval has been committed by the Chargor or any tenant with respect tothe Property;

(2) receives notice that any remedial order or other proceeding has been filed against the Chargor or any tenant alleging in respect of the Property violations of any Environmental Law or requiring the Chargor to take any action in connection with the release of a Hazardous Substance into the environment; or

(3) receives any notice from a Governmental Authority having jurisdiction in respect of the Property that the Chargor or any tenant may be liable or responsible for costs associated with a nuisance or a response to, or clean up of, a release of a Hazardous Substance into the environment or any damages caused thereby;

to provide to the Chargee a copy of such notice within ten (10) days of the Chargor's receipt thereof, and thereafter shall keep the Chargee informed in a timely manner of any developments in such matters, and shall provide to the Chargee such other information in respect thereto as may be reasonably requested by the Chargee from time to time and shall proceed to deal with the same diligently and in good faith in order to bring the Property into compliance to the extent necessary to comply with all Environmental Laws;

(vi) unless in existence on the Property on the date of the Charge, not to use, discharge, transport or install in or upon the Property any material or equipment containing polychlorinated biphenyls or permit any tenant of the Property to do so and, to the extent in existence on the Property as of the date of the Charge, to maintain the same in compliance with all EnvironmentalLaws;

(vii) to maintain, and to require all occupants of the Property to maintain in good leak proof condition all above ground and underground storage tanks and drums on the Property;

(viii) not to install asbestos or permit asbestos to be installed in the Property. With respect to any asbestos present in the Property on the date of the Charge, the Chargor shall, at its expense, promptly comply with the requirements of Environmental Laws and Governmental Authorities respecting the use, removal and disposal of asbestos; and

(ix) to obtain or cause its solicitors to obtain copies of all relevant environmental studies or assessments of the Property which the Chargor or its solicitors or agents have commissioned or which are in the possession or control of the Chargor, as of the date of the Charge and, to the extent any such assessments or studies are required by the Chargee from time to time, to promptly provide same to the Chargee upon request and hereby authorizes and directs its solicitors, agents and consultants to promptly release same to the Chargee.

(d) Having due regard to the rights of any tenant of the Chargor, the Chargee and its employees and agents shall have the right, and are hereby granted permission by the Chargor, to enter the Property from time to time, and to have access to the Chargor's relevant documents and records, in order to conduct Inspections, to determine compliance with Environmental Laws as the Chargee, acting reasonably, may deem appropriate Inspections shall be:

(i) at such times and to such extent as may be reasonable in the circumstances on prior notice to the Chargor if the Chargee has reasonable grounds for believing that:

(1) there are, contrary to Environmental Laws or Environmental Approvals, Hazardous Substances in or upon the Property which have not been disclosed to and approved by the Chargee and appropriate Government Authorities; or

(2) the Chargor is in breach of any environmental representations in the Charge or its covenants in this Article; or

(3) the Chargor is not in compliance with any Environmental Laws or material Environmental Approvals; and

(ii) at any time without prior notice upon the occurrence of an Event of Default which is continuing.

If the Chargor is found not to be in compliance with the Environmental Laws or Environmental Approvals, the Chargee may, at its option (but without any obligation to do so) take such actions as are required, acting reasonably, to bring the Property into compliance, and the costs thereof shall immediately become due and payable to the Chargee by the Chargor and shall be secured by all other or additional security, other than the Charge, given by the Chargor or others to the Chargee as security for the loan extended or to be extended by the Chargee to the Chargor (collectively the "Security").

(e) The Chargee shall not, by virtue of being the Chargee under the Charge or the enforcement of its rights contained herein for purposes of the Environmental Laws, be or be deemed to be the owner of, any of the Property, or to have management, charge, control, occupation or possession of any of the Property or the businesses of the Chargor, or of any Hazardous Substances located on, upon or within any of the Property.

(f) The Chargor hereby covenants and agrees to be responsible for, and to indemnify and hold harmless the Chargee and each of its officers, directors, employees and agents and their respective successors and assigns (in this paragraph, collectively referred to as the "Indemnified Parties") from and against all claims, demands, liabilities, losses, costs, damages and expenses (including, without limitation, reasonable legal fees and all costs incurred in the investigation, pursuing of any claim, or in any proceeding with respect to, defense and settlement of any item or matter hereinafter set out) that the Indemnified Parties may incur or suffer, directly or indirectly as a result of or in connection with:

(i) any inaccuracy in or breach of the Chargor's representations and warranties relating to the environmental matters contained herein;

(ii) the presence of any Hazardous Substance on, upon or within the Property, or the escape, seepage, leakage, spillage, discharge, emission, release, disposal or transportation away from the Property of any Hazardous Substance, whether or not there is compliance with all applicable Environmental Laws and Environmental Approvals;

(iii) the imposition of any remedial order affecting the Property, or any non compliance with Environmental Laws or Environmental Approvals pertaining to the Property by any person, including the Chargor, the Chargee or any person acting on behalf of the Chargee; and

(iv) any diminution in the value or any loss on the disposition of the Property arising directly or indirectly as a result of the presence on the Property of any Hazardous Substance, or as a result of

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the imposition of any remedial order or the breach by any person of any Environmental Law or Environmental Approval.

This indemnity shall survive the satisfaction and release of the Charge and the Security and the payment and satisfaction of all indebtedness hereunder. The benefit of this indemnity may be assigned by the Chargee to any successor or assign of the Chargee and the Chargor hereby consents to any such assignment.

14. EVENTS OF DEFAULT

Without limiting any of the provisions of the Charge, each of the following shall be considered a default hereunder (the occurrence of any such event together with the expiry of the applicable cure period, if any, and any other occurrence specifically provided for herein as an Event of Default being collectively referred to as an "**Event of Default**") upon the happening of which the whole of the principal sum outstanding and all interest accruing thereon and all other amounts secured hereby, including the Additional Amount, shall, at the Chargee's option, immediately become due and payable without notice or demand:

(a) failure of the Chargor or Guarantors or any of them to pay any instalment of principal, interest and/or taxes under the Charge or under any charge or other encumbrance on the lands, on the date upon which any of the payments for same become due;

(b) failure of the Chargor or Guarantors to strictly and fully observe or perform any condition, agreement, covenant or term set out in the application for the Charge or the letter of commitment for the loan secured by the Charge, the provisions of the Charge, any other loan document or security given in respect of such loan or any other document giving rise to a contractual relationship as between the Chargor and Chargee herein, or if it is found at any time that any representation to the Chargee with respect to the loan secured by the Charge or in any way related thereto or contained herein or in any loan document is incorrect or misleading;

(c) default by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any charge or other encumbrance or agreement affecting the said lands, whether or not it has priority over the Charge;

(d) the registration of any construction lien against the lands which is not discharged within a period of ten (10) days after the date of registration thereof, or the filing of a writ of execution that binds the lands in the judicial district where the lands are situate;

(e) failure of the Chargor or Guarantor to obtain the Chargee's prior consent to subsequent or secondary financing;

(f) in the event that it is discovered that the building(s) on the lands contain urea formaldehyde foam insulation or that the Chargor has insulated the property with urea formaldehyde foam insulation;

(g) the Property is abandoned, any act of waste is committed as to all or any part of the Property, or any building or other structure now or later being erected on the Property remains unfinished and without any work being done on it for a period of ten (10) consecutive days;

(h) the Chargor Transfers or leases all or any part of the Property or assigns any lease or any interest in any of the foregoing, or agrees to do so, without the Chargee's prior written consent;

(i) the Chargor ceases to carry on the business ordinarily carried on from the Property or changes or permits a change in the use or occupation of the Property in each case without the Chargee's prior written consent or, if a corporation, the Chargor or the Guarantor ceases to maintain its corporate existence;

(j) in the opinion of the Chargee, there is a change in effective control of the Chargor (if the Chargor is a corporation) or any material adverse change in the Chargor's or the Guarantor's financial condition;

(k) any order is made or resolution passed for the winding-up, liquidation or other dissolution of the Chargor or the Guarantor (if the Chargor or the Guarantor is a corporation), or there is a change in the membership or a dissolution of the Chargor or the Guarantor (if the Chargor or the Guarantor is a partnership);

(l) the Chargor or Guarantor makes an assignment for the benefit of creditors or any proceedings are instituted by or against the Chargor or Guarantor seeking to adjudicate either of them a bankrupt or insolvent or seeking liquidation, winding-up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of either of them or their respective debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or other similar law or seeking the appointment of a receiver, receiver and manager, trustee, custodian or other similar official for either of them or for any of their respective property (excluding proceedings initiated by a third party which are being contested by the Chargor in good faith, which have been outstanding for fewer than twenty (20) days and in respect of which any enforcement proceedings are stayed), or the Chargor or Guarantor is declared bankrupt or a receiver, receiver and manager, trustee, custodian or other similar official is appointed of it or in respect of all or any part of the Property, or power of sale or foreclosure proceedings or similar proceedings are commenced against all or any part of the Property;

(m) another encumbrancer takes possession of all or any part of the Property or a distress or execution or other similar process is brought against the Property or any such part;

(n) all or any part of the Property is expropriated;

(o) the use, storage or discharge onto the Property of any Hazardous Substance or the discovery of any Hazardous Substance whether caused by the Chargor or not, that violates any Hazardous Substances Laws;

(p) if there is any default under any term or condition contained in any other agreement to which the Chargor and the Chargee are parties; and

(q) if a receiver is appointed over any of the Chargor's or Guarantor's assets or undertaking or any judgment or order or any process of any court becomes enforceable against the Chargor or the Guarantor or any of their assets or any creditor takes possession of any of their assets.

15. REMEDIES ON DEFAULT

If any of the events or circumstances set out in Section 14 has occurred and is continuing, or it is otherwise provided herein that the Chargee may enforce the security of the Charge, or a default has occurred hereunder, theChargee may (but shall have no obligation to), from time to time and in any order, separately or in combination, and after giving the minimum notice, if any, required by applicable law and obtaining court approval where necessary, enforce any one or more of the following remedies:

(i) sue the Chargor and any Guarantor for all or any part of the Indebtedness;

(ii) distrain for arrears of all or any part of the Indebtedness;

(iii) take judicial proceedings to foreclose the Chargor's and/or any other person's interest in all or any part of the Property or any lease, to take possession of it and/or to sell, lease or otherwise deal with it;

(iv) enter on and take possession of all or any part of the Property;

(v) sell and/or lease all or any part of the Property or sell the unexpired term of years demised by any lease;

(vi) assign any lease and sell the last day of the term granted by the lease and/or remove the Chargor or any other person from being a trustee of the last day of the term of any lease and appoint a new trustee or trustees in its place;

(vii) appoint in writing a receiver (which term as used herein includes a receiver and manager) of all or any part of the Property and the rents and other income thereof and from time to time remove any receiver and appoint another in its place, or in the alternative appoint a property manager;

(viii) exercise in respect of each insurance policy, insurance trust agreement, lease, rent and benefit assigned to the Chargee the remedies exercisable by the Chargee in respect of all or any part of the Property;

(ix) the Chargee may assess, at its sole discretion, an administration fee of Two-Hundred and Fifty ($250.00) Dollars (or such higher amount as may be determined by the Chargee from time to time), if this Charge is over forty-five (45) days in arrears or where more than two (2) tax instalments are not paid. This administration fee, which is designed to offset collection costs will be in effect until all arrears (Charge or taxes) have been paid. This fee will be automatically capitalized to the balance outstanding; and

(x) exercise any other rights or remedies which the Chargee may have, whether pursuant to the Charge, at law, in equity, by contract or otherwise.

16. ENFORCEMENT OF RIGHTS

The Chargee may, on default of payment or default in the performance of any covenant in the Charge contained or implied by law or statute for fifteen (15) days, on at least thirty-five (35) days notice, enter on and lease or sell the lands. Such notice shall be given to such persons and in such manner and form and within such time as provided under the *Mortgages Act* (Ontario), as amended. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the lands, if occupied, or by placing it on the lands, if unoccupied or, at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at the Chargor's last known address, or by publishing it once in the newspaper published in the county or district in which the lands are situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person who may be affected thereby may be unknown, unascertained, or under disability. If there be legal personal representatives of the Chargor on the death of the Chargor, such notice may, at the option of the Chargee, be given in any of the above modes or by personal service upon such representatives.

Without prejudice to the statutory powers of the Chargee under the preceding paragraph, that in the event of a default in the payment or the performance of any covenant contained in the Charge and such default continues for two (2) months, the Chargee may exercise the powers given under the preceding paragraph with or without entry on the lands without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law, then notice shall be given to such persons and in such manner and form and within such time as so required by law.

The Chargee may sell the whole or any part or parts of the lands by public auction or private contract, or partly by one and partly by the other; and that the proceeds of any sale hereunder may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the lands by reason of non-payment or procuring payment of monies secured hereby or otherwise; and that the Chargee may sell the whole or any part of the lands on such terms as to credit and otherwise as shall appear to the Chargor most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence of commencement of title or otherwise which the Chargor shall deem proper; and may buy in or rescind or vary any contract for the sale of the whole or any part of the lands and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee, and for any of the said purposes may make and execute all agreements and assurances as the Chargor shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given, but any person damnified by an unauthorized, improper or irregular exercise of the power shall have his remedy against the person exercising the power in damages only.

The Chargee may pay all premiums of insurance and all taxes and rates which shall from time to time fall due and be unpaid in respect of the lands, and that such payments together with all costs, charges and legal fees (between a solicitor and his own client), and expenses which may be incurred in taking, recovering and keeping possession of the lands, and of negotiating the loan, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize the security (including legal fees, real estate commissions, appraisal costs and other costs incurred in leasing or selling the lands or in exercising the power of entering, leasing and selling herein contained) shall be with interest at the rate provided for therein, a charge upon the lands in favour of the Chargee and it is hereby agreed that the Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the lands, and that any amount paid by the Chargee shall be added to the monies hereby secured and shall be payable forthwith with interest at the rate provided for herein, and in default this Charge shall immediately become due and payable at the option of the Chargee, and all powers in this Charge conferred shall become exercisable. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the money advanced on the security of this Charge or otherwise, the Chargee shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid and is hereby authorized to obtain an assignment or discharge thereof, and to retain same, for whatever period the Chargee shall deem it proper to do so.

Wherever a power of sale is hereby conferred upon the Chargee, all provisions hereof relating to exercising such power, including, without in any way limiting the generality of the foregoing, the persons to whom notice of exercising such power shall be given and the manner of giving such notice shall be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising such power of sale, and wherever there shall be a conflict between the provisions of the Charge relating to exercising such power of sale and the requirements of such law, the provisions of such law shall govern. Insofar as there is no conflict, the provisions of the Charge shall remain unchanged.

The Chargee may lease or sell as aforesaid without entering into possession of the lands.

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If the Chargor defaults in the payment of the Indebtedness, the Chargee may distrain for payment of same upon the Property or any part thereof and all chattels situated thereon and by distress warrant recover, by way of rent reserved from the lands so much moneys as shall from time to time be or remain in arrears and all costs, charges and expenses incurred by or on behalf of the Chargee with respect to or in connection therewith as in like cases of distress for rent. The Chargor waives the right to claim exceptions and agrees that the Chargee shall not be limited in the amount for which it may distrain.

To the extent the lands or any part thereof is not residential premises so as to be subject to the provisions of the *Tenant Protection Act*, as amended, the Chargor hereby attorns to and becomes a tenant of the Property to the Chargee from year to year from the day of the execution of the Charge during the term of the Charge and any renewal or renewals thereof at a rental equivalent to and applicable in satisfaction of the interest payments forming part of the Indebtedness, the legal relation of landlord and tenant being hereby constituted between the Chargee and the Chargor in regard to the Property. It is agreed that neither the existence of this provision nor anything done by virtue hereof shall render the Chargee accountable for any moneys except those actually received by it and the Chargee may, on default of payment or in breach of any of the covenants contained or included in the Charge, enter on the Property and determine the tenancy hereby created without notice.

In the event of a default in the payment of the interest hereby secured the principal sum herein shall become payable at the option of the Chargee, together with interest thereon.

Upon default of payment of instalments of principal promptly as the same become due, the balance of the principal and interest shall immediately become due and payable at the option of the Chargee.

Until default hereunder, the Chargor shall have quiet possession of the lands.

The Chargee may in writing at any time or times after default waive such default and upon such waiver the time or times for payment of the principal secured herein shall be as set out in the proviso for redemption herein. Any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default. No waiver shall be effective or binding on the Chargee unless made in writing.

The Chargee may at its discretion at any time release any part or parts of the lands or any other security or any surety for the money hereby secured either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the lands or any person from the Charge or from any of the covenants herein contained, it being especially agreed that every part or lot into which the lands are or may hereafter be divided does and shall stand charged with all of the monies hereby secured and no person shall have the right to require the principal secured hereunder to be apportioned; further, the Chargee shall not be accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. No sale or other dealing by the Chargor with the equity of redemption in the lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured pursuant to the Charge.

The Chargee may exercise all remedies provided for in the Charge concurrently or in such order and at such times as it may see fit and shall not be obligated to exhaust any remedy or remedies before exercising its right under any other provisions contained in the Charge.

17. INSPECTION

The Chargee shall have access to and the right to inspect the lands at all reasonable times.

18. TAKING OF JUDGMENT NOT A MERGER

The taking of a judgment or judgments on any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Chargee's right to interest at the rate and times herein provided; and further, the said judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as herein provided until the said judgment shall have been fully paid and satisfied.

19. RENEWAL OR EXTENSION OF TIME

No renewal or extension of the term of this Charge given by the Chargee to the Chargor, or anyone claiming under him, or any other dealing by the Chargee with the owner of the equity of redemption of the lands shall in any way affect or prejudice the rights of the Chargee against the Chargor or any person liable for the payment of the monies hereby secured, and the Charge may be renewed by an agreement in writing at maturity for any term with or without an increased rate of interest, or amended from time to time as to any of its terms, including, without limitation, an increase of interest rate or principal amount, notwithstanding that there may be subsequent encumbrancers. It shall not be necessary to register any such agreement in order to retain priority for the Charge so altered over any instrument registered subsequent to the Charge.

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Nothing contained in this paragraph shall confer any right of renewal upon the Chargor.

The terms of the Charge may be amended or extended from time to time by mutual agreement between the Chargor and the Chargee and the Chargor hereby further covenants and agrees that, notwithstanding that the Chargor may have disposed of the Chargor's interest in the lands hereby secured, the Chargor and Guarantors will remain liable as a principal debtor and not as a surety for the observance of all of the terms and provisions herein and will in all matters pertaining to the Charge well and truly do, observe, fulfill and keep all and singular the covenants, provisos, conditions, agreements and stipulations in the Charge or any amendment or extension thereof, notwithstanding the giving of time for the payment of the Charge or the varying of the terms of the payment thereof or the rate of interest thereon or any other indulgence by the Chargee to the Chargor.

The Chargor covenants and agrees with the Chargee that no agreement for renewal hereof or for extension of the time for payment of any monies payable hereunder shall result from or be implied from any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the original term of the Charge or of any subsequent term agreed to in writing between the Chargor and the Chargee, and that no renewal hereof or extension of the time for payment of any monies hereunder shall result from, or be implied from, any other act, matter or thing, save only by express agreement in writing between the Chargor and theChargee.

20. CONSTRUCTION LIENS

The Chargor and Chargee hereby acknowledge, confirm and agree that the funds committed by the Chargee to the Chargor pursuant to the loan are not intended to be utilized for the purposes of securing financing of any improvements whatsoever with regard to the lands on the security of which the funds shall be advanced pursuant to the Charge, nor for the purposes of repaying any financing, charge or otherwise, which was utilized or intended for the financing of an improvement with regard to the lands, and accordingly, it is not the intention for the security to be taken pursuant to the letter of commitment to be a "Building Mortgage" within the definition of the *Construction Lien Act* (Ontario), as amended, or a charge taken out to repay a "Building Mortgage" within the meaning of the *Construction Lien Act* (Ontario), as amended.

In the event that the funds committed by the Chargee to the Chargor pursuant to the loan are intended to be utilized for the purpose of securing financing of an improvement with regard to the subject lands, then the following provisions shall apply:

The Chargee may, at its option, withhold from any advances for which the Chargor may have qualified, such holdbacks as the Chargee, in its sole discretion, considers advisable to protect its position under the provisions of the *Construction Lien Act* (Ontario), as amended, so as to secure its priority over all liens, until the Chargee is fully satisfied that all lien periods have expired and that there are no preserved or perfected liens outstanding. Nothing in this clause shall be construed to make the Chargee an "**owner**" or "**payer**", as defined under the *Construction Lien Act* (Ontario), as amended, nor shall there be, or be deemed to be, any obligation by the Chargee to retain any holdback which may be required by the said legislation. Any holdback which may be required to be made by the owner or payer shall remain solely the Chargor's obligation. The Chargor hereby covenants and agrees to comply in all respects with the provisions of the *Construction Lien Act* (Ontario), as amended.

21. CONDEMNATION AWARDS

(a) The Chargor shall notify the Chargee promptly upon it being aware of any and all awards or payments ("Condemnation Award(s)") including interest thereon, and the right to receive the same (save for any portion of any such Condemnation Award paid for remedial purposes and which is actually used for such purpose) which may be made with respect to the Property, or any part thereof, as a result of:

  (i) any condemnation, eminent domain, compulsory acquisition, expropriation or like procedures ("Condemnation"), partial or complete, including any sidewalk or lane;or

  (ii) the imposition, and enforcement, of any restriction, regulation or condition to meet any building or development guideline for development or restriction of or by any municipality or other competent authority; or

  (iii) any other material injury to or decrease in the value of the Property by any lawful regulation or any governmental authority having jurisdiction;

(any matter referred to in (i), (iii) or (iii) above being hereinafter called an "Incident of Expropriation") to the extent of all amounts which may be secured by the Charge at the date of receipt of any such Condemnation Award by the Chargor. The Chargor does hereby charge, assign, set over as transfer to the Chargee, as security for the repayment of all Indebtedness.

(b) Any Condemnation Award received by the Chargee shall be held by the Chargee as part of the security for the loan subject to application as provided in this Section 21. Pending such application, such amounts received shall be held and invested by the Chargee, acting reasonably. If at any time an Event of Default has occurred and is continuing, the Chargee may, at its option, apply such amounts in reduction of the amounts owing hereunder.

(c) Notwithstanding the provisions of Sections 21(a) and(b), in the event that any Incident of Expropriation shall occur which, in the reasonable opinion of the Chargee, would materially and adversely affect the security of the Charge or any other security after the application of any Condemnation Award pursuant to Section 21(a) hereof, the Chargee may, at its option, declare such Incident of Expropriation to be an Event of Default and be entitled to exercise any and all rights and remedies available to it hereunder at law or in equity.

22. PRE-AUTHORIZED CHEQUING PLAN

All payments made under the Charge by the Chargor shall be made by pre-authorized cheque payment plan as approved by the Chargee. The Chargee shall not be obligated to accept any payment except payments made by pre-authorized cheque. Failure to make all payments in the manner required by the Chargee shall be a default and the Chargee shall be entitled to pursue any and all of its remedies herein and/or at law as it may deem necessary at its option.

23. PAYMENT

All payments of principal, interest and other monies payable hereunder to the Chargee shall be payable at par in lawful money of Canada at such place as the Chargee shall designate in writing from time to time. In the event that any of the monies secured by the Charge are forwarded to the Chargee by mail or any other means of delivery, payment will not be deemed to have been made until the Chargee has actually received such monies and the Chargor shall assume and be responsible for all risk of loss or delay.

Any payment received after 1:00 p.m. (Eastern Standard Time) on any date shall be deemed, for the purpose of the calculation of interest, to have been made and received on the next bank business day and the Chargee shall be entitled to interest on the amount due to it, including the date on which the payment is deemed by this provision to have been received.

24. NO DEEMED RE-INVESTMENT

All calculations of interest or fees under the Charge are to be made on the basis of the stated rates set out therein and not on any basis which gives effect to the principle of deemed reinvestment.

25. DISCHARGE

The Chargee shall have a reasonable period of time after payment in full of the monies hereby secured within which to prepare and execute a discharge of the Charge; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee; and all legal and other expenses for the preparation and execution of such discharge shall, together with the Chargee's fee for providing same, be borne by the Chargor. The discharge shall be prepared and executed by such persons as are specifically authorized by the Chargee and the Chargee shall not be obligated to execute any discharge other than a discharge which has been soauthorized.

26. DISHONOURED CHEQUES

In the event that any of the Chargor's cheques are not honoured when presented for payment to the drawee, the Chargor shall pay to the Chargee for each such returned cheque a servicing fee to cover the Chargee's administration costs with respect to same. In the event that the said cheque which has not been honoured by the drawee is not forthwith replaced by the Chargor, the Chargee shall be entitled to a further servicing fee for each written request therefor which may be necessitated by the Chargor not forthwith replacing such dishonoured cheque.

27. SERVICING FEES

All servicing fees as herein provided are intended to compensate the Chargee for the Chargee's administrative costs and shall not be deemed a penalty. The amount of such servicing fees, if not paid, shall be added to the principal amount secured hereunder and shall bear interest at the rate aforesaid and the Chargee shall have the same rights with respect to the collection of same as it does with respect to the collection of principal and interest hereunder or at law.

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28. STATEMENTS OF ACCOUNT

The Chargor shall be entitled to receive, upon written request, a statement of account with respect to the Charge as of any payment date under the Charge and the Chargee shall be entitled to a servicing fee for each such statement.

29. THE FAMILY LAW ACT

The Chargor shall forthwith after any change or happening affecting any of the following, namely (a) the spousal status of the Chargor, (b) the qualification of the lands as a matrimonial home within the meaning of the *Family Law Act* (Ontario), as amended, (c) the ownership of the equity of redemption in the lands, and (d) a shareholder of the Chargor obtaining rights to occupy the lands by virtue of any shareholding within the meaning of the *Family Law Act* (Ontario), as amended, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the said equity of redemption and of any spouse who is not an owner but who has a right of possession in the lands by virtue of the *Family Law Act* (Ontario). In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b), (c) and (d) above as the Chargee may from time to time request.

30. INDEPENDENT LEGAL ADVICE

The Chargor and Guarantor(s) acknowledge that they have full knowledge of the purpose and essence of this transaction and that, if required, they have been appropriately and independently legally advised in that regard or have been advised of their right to independent legal advice and have declined same. Such parties agree to provide to the Chargee a Certificate of Independent Legal Advice as and when same may be required regarding their knowledge and understanding of this transaction.

31. NON-MERGER

Notwithstanding the registration of the Charge and the advance of funds pursuant thereto, the terms and/or conditions of the letter of commitment issued by the Chargee pertaining to the loan transaction evidenced by the Charge (the "**Commitment Letter**") shall remain binding and effective on the parties hereto, and shall not merge in the Charge nor in any document executed and/or delivered on the closing of this transaction, and the terms thereof are incorporated herein by reference. In the event of any inconsistency between the terms of the Commitment Letter and the Charge, the Chargee shall determine in its sole discretion which provisions shall prevail.

32. CONSENT OF CHARGEE

Wherever the Chargor is required by the Charge to obtain the consent or approval of the Chargee, it is agreed that subject to any other specific provision contained in the Charge to the contrary, the Chargee may give or withhold its consent or approval for any reason that it may see fit in its sole discretion and the Chargee shall not be liable to the Chargor in damages or otherwise for its failure or refusal to give or withhold such consent or approval, and all costs of obtaining such approval shall be for the account of the Chagor.

33. GUARANTEE

(a) In consideration of the Chargee making the loan extended or to be extended by the Chargee to the Chargor and secured by the Charge and other security given by the Chargor, the Guarantor for itself, and its heirs, executors, administrators, successors and assigns:

- (i) agrees to be jointly and severally liable with the Chargor as principal debtor and not as sureties for the due payment of all monies payable under the Charge at the time and in the manner provided therein;
- (ii) unconditionally guarantees full performance and discharge of the Chargor's obligations pursuant to the provisions of the Charge at the times and in the manner provided;
- (iii) agrees to indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur, or be or become liable for by reason of:
  - (1) the failure for any reason whatsoever of the Chargor to pay the monies expressed to be payable pursuant to the provisions of the Charge;
  - (2) the failure for any reason whatsoever of the Chargor to do and perform any other act, matter or thing pursuant to the provisions of the Charge; and

(3) any act, action or proceeding of or by the Chargee for or in connection with the recovery of the said monies or the obtaining of performance by the Chargor of any other act, matter or thing pursuant to the provisions of the Charge;

(iv) agrees that the Chargee shall not be obliged to proceed against the Chargor or to enforce or exhaust any security before proceeding to enforce its obligations herein set out and that enforcement of such obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the Chargor or the enforcement of any security for any such debt or obligation of the Chargor;

(v) agrees that the Chargee may at any time and from time to time and without notice to the Chargor or Guarantor or any comment, concurrence or consent by the Guarantor, grant time, renewals, extensions, indulgences, releases, and discharges to, take securities (which would include other guarantees) from and give the same up to, abstain from taking securities from or from perfecting securities of, and otherwise deal with the Chargor and other and all securities including without limitation the giving of time for payment of the Charge, the varying of terms of payment of the Charge or the varying of the rate of interest on the Charge, or varying any other terms of the Charge, as the Chargee may see fit, and no such thing done by the Chargee nor any carelessness or neglect by the Chargee in asserting its rights nor the loss by operation of law or any right of the Chargee against the Chargor shall in any way release or diminish the Guarantor's liability hereunder, so long as any monies expressed by the Charge to be payable remain unpaid or the Chargee has not been reimbursed for all such losses, damages, costs, charges and expenses as aforesaid;

(vi) agrees that no invalidity, irregularity or unenforceability of all or any part of the Chargor's obligations or of any security provided to secure the Chargor's obligations shall affect, impair or be a defence to this guarantee; and

(vii) agrees that this is a contract of continuing guarantee and the obligations of the Guarantor shall be continuing obligations and a fresh cause of action shall be deemed to arise in respect of each such default on the part of the Chargor.

(b) Without limiting the generality of Section 33(a), it is expressly understood and agreed by the Guarantor that this guarantee shall bind the Guarantor notwithstanding the giving of time for payment of the Charge or the varying of the terms of payment therefor or the rate of interest therein provided for or the giving of a release or partial release of a covenant not to sue the Chargor or Guarantor or the entry into of any renewal agreement, extension agreement or mortgage amending agreement or any other agreement having the effect of modifying any of the terms of payment or any other matter contained in the Charge whatsoever.

34. PAYMENT PROVISIONS - BLENDED

Unless otherwise specified in the Charge, the following blended payment provisions shall apply:

With respect to interest payable up to and including the interest adjustment date, interest at the interest rate stipulated in the Charge on the amount advanced from time to time shall be computed monthly from the date of such advances and shall become due and be paid on the interest adjustment date.

The Chargee may require the aforesaid interest on the principal advances from time to time, computed and calculated monthly from the date of such advance, to become due and payable in monthly instalments on the first day of the month following the first advance and on the first day of each and every month thereafter and the balance, if any, of the aforesaid interest on advances shall become due and be paid on the date for adjustment of interest. At the option of the Chargee, interest so due and payable may be deducted from any or all of such advances. Except for the rate of interest payable up to the interest adjustment date, wherever in the Charge reference is made to "the rate of interest provided for in the Charge" or "the said rate of interest" or the "said rate", the rate of interest shall be deemed to be a reference to the said rate of interest calculated half-yearly, not in advance.

Notwithstanding the foregoing, the date for adjustment of interest, the date for commencement of the monthly instalments and the date for payment of the balance of the principal sum secured hereby, may at the option of the Chargee be changed, altered or varied so that the date for adjustment of interest shall be the first day of the month following the month in which the final advance on the principal sum is made by the Chargee (hereinafter sometimes referred to as the "revised date for adjustment of interest") and in such event the date for the first monthly instalment shall be the first day of the month next following the revised date for adjustment of interest and the date for payment of the balance of the principal sum secured hereby shall be the anniversary of the revised date for adjustment of interest and the Chargee shall be the sole judge of when the final advance has been made.

Each payment when received is to be applied firstly to interest calculated as aforesaid on the principal sum from time to time unpaid and the balance, if any, of the said monthly instalments shall be applied on account of and in reduction of the principal.

Notwithstanding the foregoing, in the case of a default by the Chargor, the Chargee may then apply any payments received in whatever order it may elect as between taxes, interest, repairs, insurance premiums, any other advance or payments made by the Chargee on behalf of the Chargor hereunder and the unpaidbalance of the principal.

In the case of a default for any sum to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrears for interest from time to time as well after as before maturity shall bear interest at the rate aforesaid and in case the interest and compound interest are not paid within one (1) month from the time of default, a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity and so on from time to time and all such interest and compound interest shall be a charge upon the said lands.

35. ASSIGNMENT OF RENTS

The Chargor hereby assigns and transfers unto the Chargee, its successors and assigns as security for the principal and interest secured by the Charge, all rents and other monies (herein called the "**rents**") which are now or which may at any time hereafter become due or owing under or by virtue of any lease or license whether written or verbal, or any letting of, or of any agreement for the use and occupancy of the whole or any portion of the land or premises which may have been heretofore or may be hereinafter made or agreed to by the Chargor, it being the intention of the parties to establish an absolute assignment of all such rents under such leases, licenses and agreements and the Chargor hereby authorizes the Chargee to collect, sue for, recover, receive, and give receipts for the rents and to enforce payment thereof in the name of the Chargor and, where applicable, its heirs, executors, administrators, successors and assigns.

The Chargor further represents and covenants that: (a) it has not and will not do any act or omission having the effect of terminating, cancelling, or accepting surrender of any existing or future lease or license or of waiving, releasing, reducing or abating any rights or remedies of the Chargor or obligations of any other party thereunder or in connection therewith without the written consent of the Chargee; (b) none of such rights, remedies and obligations are or will be affected by any other agreement, document or understanding, or by any reduction, abatement, defense, set off or counterclaim; (c) none of the leases or licences or the Chargor's rights thereunder, including the right to receive the rents, have been or will be amended, assigned, encumbered, discounted or anticipated; (d) none of the rents have been or will be paid in advance and none of the remainder of the rents have been or will be paid prior to the due date for payment thereof; (e) there has been no default under any of the leases or licences by any of the parties thereto and there is no outstanding dispute under any of the leases or licences between the Chargor and any other party thereto; (f) the Chargor will observe and perform all of its obligations under each of the leases or licences and the Chargee shall not be liable or accountable for any failure to collect, recover, distrain for, or receive the rents or any part of them or for the performance of any of the obligations or conditions under or in respect of the leases or licences or any of them to be observed and performed by the Chargor and the Chargee shall not by virtue of this assignment be deemed a chargee in possession of the lands and the Chargee shall not be under any obligation to take any action or exercise any remedies in the collection or recovery of the rents or any of them or to see to or enforce the performance of the obligations and liabilities of any personunder or in respect of the leases or licences or any of them, and the Chargee shall be liable to account only for such monies as shall actually come into its hands, less proper collection charges, and such monies may be applied on account of any indebtedness of the Chargor to the Chargee; (g) all rents collected or received by the Chargor in respect of the lands shall be received as trustee for the Chargee and shall be paid over to the Chargee; (h) any waiver by any party hereto of any breach of any of the covenants or provisions contained herein, whether expressed or implied or negative or positive in form or any failure to enforce any of its rights contained herein shall extend only to the particular breach so waived or particular failure and shall not limit or affect the rights of any party hereto with respect to any other or future breach.

The Chargor further covenants and agrees to execute and deliver at the request of the Chargee, all such further assurances and assignments with respect to such existing or future rents, leases and licences as the Chargee shall from time to time require and shall do all other acts with respect to such rent, leases and licences as requested by the Chargee within five (5) days from receipt of request and at no expense tothe Chargee.

The Chargor covenants and agrees that all leases, licences, offers to lease and agreements to lease shall be bona fide and shall be at rates, on terms and conditions and to tenants which are not less favourable or desirable to the Chargor than those which a prudent landlord would expect to receive for the premises to be leased or licensed and provided further that the Chargor shall obtain the consent of the Chargee prior to the execution of any lease, licence or offer or agreement to lease provided that the Chargor shall not accept any prepaid rents from any tenant with the exception of first and last month's rent.

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36. APPOINTMENT OF A RECEIVER

If at any time and from time to time when there shall be default under the provisions of the Charge, the Chargee may at such time and from time to time and with or without entering into possession of the lands appoint in writing a receiver, or a receiver and manager, or a receiver-manager, or a trustee (collectively, the **"Receiver"**) of the lands, or any part thereof, and of the rents and profits thereof, if any, and with or without security and may from time to time by similar writing remove any such Receiver and appoint another in its place and stead, and in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. The Chargor hereby irrevocably agrees to and consents to the appointment of such Receiver of the Chargee's choice and without limitation whether pursuant to this Charge, the *Mortgages Act* (Ontario), the *Construction Lien Act* (Ontario) *Trustee Act* (Ontario), each as amended (as the Chargee may at its sole option require). Without limitation, the purpose of such appointment shall be the orderly management, administration and/or sale of the lands or any part thereof and the Chargor hereby consents to a court order for the appointment of such Receiver, if the Chargee in its discretion chooses to obtain such order, and on such terms and for such purposes as the Chargee in its sole discretion may require, including, without limitation, the power to manage, charge, pledge, lease and/or sell the lands and/or complete or partially complete any construction thereon and to receive advances of monies pursuant to any charges, pledges and/or loans entered into by the Receiver or the Chargor, and if required by the Chargee, in priority to any existing encumbrances affecting the lands, including without limitation, charges and construction lien claims.

Upon the appointment of any such Receiver from timeto time the following provisions shall apply:

(a) a statutory declaration of the Chargee or an officer of the Chargee as to default under the provisions of the Charge shall be conclusive evidence thereof;

(b) every such Receiver shall be the irrevocable agent or attorney of the Chargor for the collection of all rents falling due in respect to the lands, or any part thereof, whether in respect of any tenancies created in priority to the Charge or subsequent thereto and with respect to all responsibility and liability for its acts and omissions

(c) the Chargee may from time to time fix the remuneration of every such Receiver which shall be a charge on the said lands, and may be paid out of the income therefrom or the proceeds of sale thereof;

(d) the appointment of every such Receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the Receiver in any respect and such appointment or anything which may be done by any such Receiver or the removal of any such Receiver or the termination of any such receivership shall not have the effect of constituting the Chargee a chargee in possession in respect of the lands or any part thereof;

(e) the Receiver shall have the power to rent the lands or any portion of the lands for such term and subject to such provisions as it may deem advisable or expedient and shall have the authority to execute any lease of the lands or any part thereof in the name and on behalf of the Chargor and the Chargor undertakes to ratify and confirm, and hereby ratifies and confirmswhatever acts such Receiver may do on the lands;

(f) in all instances, the Receiver shall be acting as the attorney or agent of the Chargor;

(g) every such Receiver shall have full power to complete any unfinished construction upon the lands;

(h) such Receiver shall have full power to manage, operate, amend, repair, or alter the lands or any part thereof in the name of the Chargor;

(i) the Receiver shall have full power to do all acts and execute all documents which may be considered necessary or advisable in order to protect the Chargee's interest in the lands including, without limiting the generality of the foregoing, increasing, extending, renewing or amending all charges which may be registered against the lands from time to time, whether or not such charges are prior to the interest of the Chargee in the lands; sale of the lands; borrowing money on the security of the lands; applying for and executing all documents in any way related to any re-zoning applications, severance of the lands pursuant to the provisions of the *Planning Act* (Ontario), as amended, subdivision agreements and development agreements and agreements for the supply or maintenance of utilities or services to the lands, including grants of lands or easements or rights of way necessary or incidental to any such agreements; executing all grants, documents, instruments and agreements related to compliance with the requirements of any competent governmental authority, whether pursuant to a written agreement or otherwise and applying for and executing all documents in any way related to registration of the lands as a condominium; completing any application for first registration pursuant to the provisions of the *Land Titles Act* (Ontario), as amended, or pursuant to the *Certification of Titles Act* (Ontario); as amended, and for all and every of the purposes aforesaid the Chargor does hereby give and grant unto the Receiver full and absolute power and authority to do and execute all acts, deeds, matters and things necessary to be done as aforesaid in and about the said lands, and to commence, institute and prosecute all actions, suits and other proceedings which may be necessary or expedient in and about the said lands, as fully and effectually to all intents and purposes as the Chargor could do if personally present and acting therein; and

(j) the Receiver shall not be liable for any loss howsoever arising and the Receiver shall not be liable to the Chargor to account for monies other than cash received by it in respect of the lands or any part thereof and out of such cash so received, every such Receiver shall pay in the following order:

(i) its remuneration;

(ii) all payments made or incurred by it in the exercise of its powers hereunder;

(iii) any payment of interest, principal and other money which may from time to time be or become charged upon lands in priority to the monies owing hereunder and all taxes, insurance premiums and every other proper expenditure made or incurred by it in respect to the lands or any part thereof.

The Chargor hereby irrevocably appoints the Chargee as his attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Chargee and/or its solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the lands in the same manner as if such documentation was duly executed by the Chargor himself.

37. PROPERTY MANAGEMENT AND APPOINTMENT OF PROPERTY MANAGER

(a) The Chargor covenants with the Chargee that the Chargor shall maintain property management of the Property acceptable to the Chargee. Any change in the property management during the term of the Charge shall be subject to the Chargee's written consent, such consent not to be unreasonably withheld:

(i) if at any time during the term of the Charge, the Chargee, acting reasonably, is of the opinion that the management of the Property is not being carried out in a satisfactory manner, having regard to management standards of properties similar to the Property from time to time, the Chargee shall have the right to give the Chargor written notice requiring that, within thirty (30) days from the date of such notice, the management be improved to the Chargee's reasonable satisfaction in respect of the issues raised in the Chargee's notice; and

(ii) if the property management is not improved to the Chargee's reasonable satisfaction, the Chargee shall have the right to appoint professional property management and the cost of such management shall be borne by the Chargor. In the event that the Chargee appoints professional property management, it shall not constitute the Chargee as a mortgagee in possession of or in control and management of the Property.

As an alternative to or in conjunction with the appointment of a Receiver provided in the immediately preceding paragraph, the Chargee shall be entitled at any time and from time to time to appoint in writing a property manager (the "Property Manager"), a representative of the Chargee for the purposes of management, leasing and operation for the Chargee's account of the lands.

(b) Upon the appointment of the Property Manager, the following provisions shall apply:

(i) a statutory declaration of the Chargee or an officer of the Chargee as to default under the provisions of the Charge shall be conclusive evidence thereof;

(ii) the Chargee may from time to time fix the remuneration of the Property Manager which shall be a charge on the lands and may be paid, together with interest thereon, out of the income from the lands or the proceeds of sale thereof;

(iii) the Property Manager shall have full power to do all acts and execute all documents which may be considered necessary or advisable in order to protect the Chargee's interest in the lands; and

(iv) the Chargor acknowledges and agrees that the appointment of the Property Manager shall constitute the Chargee a mortgagee in possession.

In the event that the Chargee chooses not to appoint a Property Manager as aforesaid and attend to the management, leasing and operation of the lands for its own account, the Chargee shall be entitled to a management fee equal to no less than 4% of the gross receipts for the lands and shall also be entitled to a commission for all leases entered into at a rate to be established by the Chargee in its discretion and the management fee and commission shall be added to the principal amounts secured thereunder and bear interest at the rate provided for therein.

38. COSTS AND EXPENSES

The Chargor covenants and agrees that it will immediately pay to the Chargee all amounts the Chargee is permitted to pay under the Charge and all costs, expenses and damages of, relating to or resulting from inspecting, protecting, repairing, completing, insuring, taking and keeping possession of and managing all or any part of the Property, preparing it for sale or lease, selling or leasing it, renewing any leasehold interest, collecting any part of the Indebtedness, the exercise of any of the rights of a Receiver appointed pursuant to the Charge, such Receiver's fees and expenses, agents' costs and expenses, legal fees and expenses on a solicitor and his own client basis, the use, occupation or operation of the Property, the breach of any of the Chargor's representations, warranties or agreements herein, and any other costs and expenses of exercising or protecting the Chargee's rights (hereunder or otherwise) of all or any part of the Property. Without limiting the Chargee's right to interest provided for herein, it is expressly agreed that the Chargor shall pay interest at the interest rate provided for herein on such amounts, costs and expenses (and on all other costs and expenses payable by the Chargor pursuant to the Charge) from the date they are paid by the Chargee until they have been repaid by the Chargor, which interest shall be paid, calculated and compounded as provided for herein.

In this Charge, the word "cost" shall be extended to and include legal costs incurred by the Chargee as between a solicitor and his own client.

39. NOTICE

Whenever a party to the Charge desires to give any notice to another party to the Charge, it shall be sufficient for all purposes if such notice is personally delivered or sent by registered or certified mail, postage prepaid, addressed to the intended recipient at the address noted on page 1 of the Charge document to which these standard charge terms form a part or such other address communicated in writing by the addressee in a written notice to the sender.

40. CHARGEE'S FEES

Without limiting the generality of any of the foregoing provisions, it is understood and agreed that the Chargor shall pay to the Chargee the then current fee of the Chargee for the following matters:

(a) providing and preparing mortgage statements;

(b) amending its records to reflect the assumption of the Charge;

(c) endeavouring to collect any money overdue under the Charge, including without limiting the generality of the foregoing, an allowance for time and service of any employee of the Chargee or other person appointed for such purpose;

(d) executing any cessation or discharge of the Charge, notwithstanding that said cessation or discharge may have been prepared by the Chargor;

(e) entering into an agreement to amend the interest rate or any other provision in the Charge;

(f) entering into an agreement to extend the maturity date of the Charge;

(g) handling any dishonoured cheque;

(h) placing insurance on the Property;

(i) preparing an amortization schedule showing the principal and interest components of payments due under the Charge;

(j) the cost of completing a Phase I Environmental Audit and such other environmental audits as the Chargee may require in its discretion;

(k) such other administrative matters as the Chargee may perform with regards to the Charge or with regards to any collateral security; and

(l) the fee charged by the Chargee's insurance consultant to review the Chargor's policy of insurance for the lands including business interruption insurance if required by the Chargee.

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The Charges contained in this clause shall be forthwith payable to the Chargee and shall become part of the debt secured hereby and shall bear interest at the rate of interest expressed in the Charge.

41. CONTINUING SECURITY

This Charge shall, whether or not it secures a current or running account, be a general and continuing security to the Chargee for payment of the Indebtedness and performance of the Chargor's other obligations under the Charge notwithstanding any change or fluctuation in the amount, nature or form of the Indebtedness or in the accounts relating thereto or in the bills of exchange, promissory notes and/or other obligations now or later held by the Chargee representing all or part of the Indebtedness or in the names of the parties to such bills, notes and/or other obligations or that there is no Indebtedness outstanding at any particular time; and the Charge will not be deemed to have been redeemed or become void as a result of any such event or circumstance.

42. DELAY, RELEASES, PARTIAL DISCHARGES, WAIVERS AND AMENDMENTS

The Chargee may release others from any liability to pay all or any part of the Indebtedness without releasing the Chargor. The Chargee may release its interest under the Charge in all or any part of the Property or any lease (or any other collateral) whether or not the Chargee receives any value and shall be accountable to the Chargor only for monies which the Chargee actually receives. If the Chargee releases its interest in part of the Property or any lease, the remainder of the Property and each other lease shall continue to secure the Indebtedness and the Chargor's obligations under the Charge will continue unchanged. The Chargee may grant extensions of time or other indulgences, take and give up securities, accept compositions and proposals, grant releases and discharges and otherwise deal with the Chargor and other persons (including, without limitation, any person to whom all or any part of the Property is transferred) and with any securities as the Chargee may see fit without affecting any of the Chargee's rights or remedies (herein or otherwise) or the Chargor's liability under the Charge (including without limitation the Chargor's liability to pay the Indebtedness). The Chargee may delay enforcing any of its rights under the Charge or any other document under the Charge or any such document without affecting the Chargee's rights in respect of any other existing breach or any subsequent breach of the same or a different nature. No such waiver shall be effective unless made in writing and signed by an officer of the Chargee. No sale or other dealing with all or any part of the Property or any lease, amendment of the Charge or any other security, and agreement or other instrument relating to the Indebtedness will in any way affect the obligation of the Chargor or any other person to pay the Indebtedness.

43. REPRESENTATIONS, WARRANTIES AND AGREEMENTS

The Chargor represents, warrants and agrees with the Chargee that:

(i) the Chargor is the lawful registered owner of the Property and has a good and marketable title in fee simple to the Property, free of any liens or claims, except any the Chargor has reported to the Chargee in writing;

(ii) the Chargor has the right to execute and deliver the Charge and charge the Property and the Chargor's interest in it to the Chargee in accordance with the terms hereof;

(iii) the Chargor has not done, omitted or permitted anything whereby the Property or the Chargor's interest in it or any part of it is or may be subject to any lien or claim except any the Chargor has reported to the Chargee in writing;

(iv) there are no limitations affecting title to the Chargor's interest in the Property, except any the Chargor has reported to the Chargee in writing;

(v) the Chargor shall sign any document and take any further action at the Chargor's expense as the Chargee may think necessary in order to carry out the intention of the Charge;

(vi) the Chargor shall ensure that the use, occupation or operation of the Property complies with and shall continue to comply with all Hazardous Substances Laws, and that no part of the Property is, has ever been or will in the future be insulated with either urea formaldehyde foam insulation or asbestos insulation;

(vii) on default under the Charge, the Chargee shall have quiet possession of the Property free from all liens and claims; and

(viii) all financial statements, financial information and other information, including the rent roll, provided to the Chargee are true and accurate and such financial statements: (i) present fairly the financial position of the Chargor and the Guarantor, in accordance with generally accepted accounting principles ("GAAP") for the financial period then ended, and (ii) disclose all liabilities, including contingent and/or unmatured liabilities as of the date thereof, which are required to be disclosed thereon, in each case in accordance with GAAP.

44. REPORTING

(a) The Chargor covenants and agrees to maintain proper records and books of account with respect to the revenues of and expenditures arising from or out of the Property and shall permit the Chargee or any person appointed by the Chargee for that purpose to examine such books at all reasonable times and to make copies of extracts therefrom and shall give the Chargee all information with regard to the incomings and outgoings of the Property which the Chargee may request.

(b) The Chargor covenants and agrees to provide the Chargee on an annual basis with such financial statements and reports as the Chargee may require, including but not limited to:

- (i) financial statements of the Chargor prepared by an accountant and all corporate Guarantors within ninety (90) days of the company's fiscal year end;
- (ii) up to date personal net worth statements for all Chargors and all Guarantors;
- (iii) a detailed breakdown of revenue and expenses with respect to the operations of the Property (unless included in the financial statements delivered pursuant to Section 44(b)(i)) within ninety (90) days of the Chargor's fiscal year end;
- (iv) a detailed rent roll of the Property;
- (v) evidence of acceptable property insurance coverage;
- (vi) evidence of remittance of property and school taxes, if paid directly by the Chargor; and
- (vii) any other information as the Chargee may reasonably request from time to time.

(c) The Chargor covenants and agrees that the financial statements delivered pursuant to Section44(b) are to be provided to the Chargee, at the Chargor's sole expense and shall include such periodic, review engagement financial statements as are requested by the Chargee from time to time, such financial statements to reveal the applicable gross rental income and expenditures from the Property and to be prepared by such accountants or auditors as are acceptable to the Chargee.

(d) In the event that the Chargor commits an Event of Default as defined in Section 14 herein, or at law, in addition to any remedy set out in Section 15 herein, the Chargor covenants and agrees to turn over to the Chargee or direct its property manager to forthwith deliver to the Chargee all documentation relating to the Property in its possession or control including but not limited to keys, leases, surveys, plans, books and records. In the event that the Chargor or its Property Manager, fails to turn over all documentation within 48 hours of written demand, the Chargor hereby irrevocably appoints the Chargee as its attorney in its place and stead to provide the requisite notice to its Property Manager and shall instruct its Property Manager to honour and abide such notice.

45. REPAIRS, MAINTENANCE AND INSPECTION

(a) The Chargor covenants and agrees to keep the Property in good condition and repair and shall not allow any part of the Property to become or remain vacant without the Chargee's consent. The Chargor shall not make any material changes, additions or alterations to the Property without the Chargee's prior written consent.

(b) The Chargor covenants and agrees not commit or permit any act of waste on the Property, and shall not do or fail to do, or allow anyone to do or fail to do, anything that will, in the Chargee's opinion, lower the value of the Property.

(c) The Chargee may, whenever the Chargee deems it necessary or advisable to do so, enter upon and inspect the Property.

(d) The Chargor covenants and agrees to perform and observe the requirements of every present and future statute, law, by-law, ordinance, regulation and order affecting the operation, condition, maintenance, use or occupation of the Property (including without limitation any thereof relating to construction or repair).

(e) If any part of the Property is farm land, the Chargor covenants and agrees to in each year either put into crop or summerfallow in a proper manner every part thereof which has been or may in the future be brought under cultivation. The Chargor shall also keep such Property clean and free from all noxious weeds and generally see that it does not depreciate in any way as farm land.

(f) The Chargor covenants and agrees not to, without the written consent of the Chargee, allow the Property to be used for a purpose other than as disclosed to the Chargee prior to the execution of the Charge.

(g) If, in the sole opinion of the Chargee, the Chargor does not observe or perform any of the foregoing provisions of this Section 45, the Chargee may from time to time (but shall not be obligated to) enter upon and inspect the Property at any time, and make such repairs and do such other acts or things it believes are necessary to protect or preserve the Property and to carry out the Chargor's obligations under this Section 45 including if the Property is farm land, the farming, improvement and general management thereof. The Chargor shall immediately pay the Chargee all amounts, costs and expenses paid or incurred by the Chargee in connection with any of the foregoing.

(h) If the Chargor fails at any time for a period of ten (10) consecutive days to diligently carry on any improvement required by the Chargee on any part of the Property, or if the Chargor without the written consent of the Chargee departs from the plans and specifications approved by the Chargee with respect thereto or from any applicable governmental building standards or the generally accepted standards of construction in the locality of the Property, or if a default as defined herein has occurred and is continuing, the Chargee from time to time may enter upon the Property and have exclusive possession of all materials, plant and equipment thereon, free of interference from or by the Chargor, and complete the improvement either according to such plans and specifications or according to such other plans, specifications or design as the Chargee in its absolute discretion shall determine. The Chargor shall immediately pay the Chargee all costs and expenses incurred by the Chargee in connection with any of the foregoing.

(i) Any entry which may be made by the Chargee pursuant to any provision of the Charge may be made by any of the Chargee's agents, employees and/or contractors. The Chargor covenants and agrees that the Chargor will not make or permit to be made any alterations or additions to the said lands without the prior written consent of the Chargee, which consent may be withheld in the Chargee's sole discretion or may be given only subject to the compliance with such terms and conditions at the cost of the Chargor as the Chargee may impose.

(j) If the Chargor neglects to keep the lands in good condition and repair, or commits or permits any act of waste on the lands (as to which the Chargee shall be sole judge) or makes default as to any of the covenants or provisos herein contained, then, in addition to any other rights available to the Chargee, the Charge shall, at the option of the Chargee, forthwith become due and payable in full, and the powers of entering upon and leasing or selling hereby given may be exercised forthwith and the Chargee may make such repairs as it deems necessary. The costs, charges and expenses including servicing fees for the time and services of any employee of the Chargee with interest at the rate aforesaid shall be added to the monies hereby secured and shall be payable forthwith and be a charge upon the lands prior to all claims thereon subsequent to the Charge.

46. IMPROVEMENTS AND DEMOLITION

(a) In these standard charge terms, the term "Improvement" has the meaning given to it in the *Construction Lien Act* (Ontario), as amended, and includes any alteration, addition or repair to, and any construction, erection, remodelling, rebuilding or installation on or of, any part of the Property and the demolition or removal of any building or part of any building on the Property.

(b) The Chargor covenants and agrees that no Improvement to or on the Property will be commenced or made by the Chargor or any other person unless the Chargor first provides a copy of all proposed plans, blueprints, contracts and specifications to the Chargee and obtains the Chargee's written consent thereto. The Improvement shall form part of the Property but, nevertheless, it is expressly agreed that this Charge is not and shall not be a "building mortgage" as defined under the *Construction Lien Act* (Ontario), as amended.

47. HEADINGS

The headings with respect to the various paragraphs of this Standard Charge Terms are intended to be for identification of the various provisions of this Standard Charge Terms only, and the wording of such headings is not intended to have any legal effect.

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48. INTERPRETATION

In construing these Standard Charge Terms, everything herein contained shall extend to and bind and may be enforced or applied by the respective heirs, executors, administrators, successors in office, successors and assigns, as the case may be, of each and every of the parties hereto, and where there is more than one Chargor or Chargee or more than one Guarantor, or there is a female party or a corporation or there is one Guarantor or no guarantor, the provisions hereof shall be read with all grammatical changes thereby rendered necessary, and all covenants shall be deemed to be joint and several.

All references herein to the "Chargor", the "Guarantor", or the "Chargee" shall be deemed to mean the Chargor, its successors and assigns, the Guarantor, its successors and assigns, and the Chargee, its successors and assigns, as the case may be, and all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor, the Guarantor, and the Chargee shall be equally binding upon their successors and assigns, as the case may be. It is understood and agreed that in construing this clause, the words "Chargor", "Guarantor", and "Chargee", and the personal pronoun "he" or "his", relating thereto and used therewith, shall be read and construed as "Chargor or Chargors", "Guarantor or Guarantors", "Chargee or Chargees", and "his", "her", "it", "its", or "their" respectively as the number and gender of the party or parties referred to in each case require, and the verb used in relation therewith shall be construed as agreeing with the said word or pronoun so substituted.

49. SHORT FORM OF MORTGAGES ACT

If any of the forms of words contained herein are substantially in the form of words contained in Column One of Schedule B of the *Short Form of Mortgages Act*, as amended, and distinguished by a number therein, the Charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule B of the said Act distinguished by the same number, and the Charge shall be interpreted as if the *Short Form of Mortgages Act*, as amended, was still in force and effect.

50. NO RIGHT OF PREPAYMENT

Notwithstanding anything contained herein, but subject to early maturity by reason of acceleration of repayment of the Indebtedness at the option of the Chargee, there shall be no prepayment of the principal amount outstanding hereunder at any time during the term hereof.

51. RENEWING OR OTHERWISE AMENDING THIS CHARGE

The Chargee may, from time to time, enter into one or more written agreements with the Chargor (or with any one to whom the Property is transferred) to (i) amend the Charge by extending the time for payment, changing the interest rate payable under the Charge or otherwise altering the provisions of the Charge; or (ii) extend the term of or renew the Charge. Whether or not there are any encumbrances on the Property in addition to the Charge at the time the agreement is entered into, it will be necessary to register the agreement on title. Provided that in the event that the Chargor or any beneficial owner of the Property is not a corporation then in the event of any renewal or extension of the Charge the date of such renewal or extension agreement only for the purpose of Section 10 of the *Interest Act*, as amended, only shall become the date of the Charge.

52. CONDOMINIUM CLAUSES

The Chargor covenants and agrees that in the event that the security for the Charge shall be a condominium unit the following provisions shall apply:

(a) the Chargor does hereby assign to the Chargee all of its rights to receive notices from the condominium corporation and its rights to vote or consent in the affairs of the condominium corporation (whether freehold or leasehold) having jurisdiction over the lands and the Chargee, may at its option, exercise the right of an owner of a condominium unit to vote or consent in the affairs of the condominium corporation in the place and stead of the Chargor, without in any way consulting the Chargor as to the manner in which the vote shall be exercised or not exercised, and without incurring any liability to the Chargor or anyone else because of the manner in which such vote or consent in the affairs of the condominium corporation was exercised;

(b) the Chargor does hereby assign to the Chargee all of its rights: (i) to demand the condominium corporation purchase the Chargor's condominium unit and common interest, where provided under the *Condominium Act, 1998*, as amended, (including without limitation, any predecessor legislation); (ii) to elect to have the value of the Chargor's condominium unit and common interest or that of the condominium property determined by arbitration; and (iii) to receive the Chargor's share of the condominium corporation's assets and the proceeds from the sale of the Chargor's unit and common interest or of the condominium property or any part of the common elements;

(c) the Chargor does hereby authorize the Chargee to inspect the Chargee's condominium unit at any reasonable time, to do any needed maintenance or repairs after damage, and to inspect the condominium corporation's records;

(d) the Chargor shall pay promptly, when due, any common expenses, assessments, instalments or payments due to the condominium corporation;

(e) where the Chargor defaults in the Chargor's obligation to contribute to the common expenses assessed or levied by the condominium corporation, or any authorized agent on its behalf, or any assessment or instalment of payment due to the condominium corporation, then regardless of any other action or proceeding taken, or to be taken by the condominium corporation, the Chargee, at its option and without notice to the Chargor, may deem such default to be a default under the terms of the Charge and proceed to exercise its rights therein and the Chargee shall be entitled at its option to pay all common expense amounts as they come due and these amounts so paid together with legal fees shall form part of the Indebtedness;

(f) the Chargor shall observe and perform the covenants and provisions required to be observed and performed under or pursuant to the provisions of the *Condominium Act, 1998*, as amended, (including without limitation, any predecessor legislation) and the declaration and by-laws of the condominium corporation and any amendments thereto;

(g) the Chargor will maintain all improvements made to the condominium unit and repair them after damage;

(h) in addition to the insurance the condominium corporation must obtain, the Chargor must: (i) insure all improvements which the Chargor or previous owners have made to the condominium unit; (ii) obtain insurance for the additional risks required by the Chargee; (iii) insure the Chargor's common or other interest in buildings which are part of the condominium property or assets of the condominium corporation if the condominium corporation fails to insure the buildings or assets as required, or upon the Chargee's request; (iv) assign its insurance policies to the Chargee and (as permitted by law), the Chargor's interest in the policies held by the condominium corporation; (v) upon the Chargee's request, provide the Chargee with proof that the required insurance is in force; and (vi) do all that is necessary to collect insurance proceeds;

(i) at the Chargee's option, the loan amount will become payable immediately if: the condominium corporation fails to comply with the *Condominium Act, 1998*, as amended, (including without limitation, any predecessor legislation), fails to meet its obligations with respect to insurance under (h), fails to manage the condominium corporation's property and assets in a careful way or makes substantial modification to the common elements or the condominium corporation's assets without the Chargee's approval; or if the owners vote for the termination of the condominium as a result of substantial damage to the condominium; or the sale of the condominium property or any part of the common elements is authorized; or a court makes an order that the government of the condominium property by the *Condominium Act, 1998*, as amended, (including without limitation, any predecessor legislation), be terminated; or the condominium property ceases to be governed by the *Condominium Act, 1998*, as amended, (including without limitation, any predecessor legislation). The Chargee's rights will not be affected by the fact that it voted for or consented to such termination, sale or order, or to the condominium property not being governed by the *Condominium Act, 1998*, as amended, (including without limitation, any predecessor legislation); and

(j) if the Chargor's property ceases to be governed by the *Condominium Act, 1998*, as amended, (including without limitation, any predecessor legislation), the terms of the mortgage will continue to apply. The Chargor hereby authorizes the Chargee to agree with anyone to a partition of the condominium property, the Chargor shall pay to the Chargee its share of the condominium corporation's assets and the proceeds from the sale of the condominium unit and common interest of the condominium property or any part of the common elements shall be paid to the Chargee, and the Chargee shall do all things necessary to accomplish this, all money received by the Chargor may be applied to reduce any part of the loan amount, and the Chargor will receive any balance after all claims have been satisfied.

53. DISCLOSURE

The Chargor acknowledges that the loan and the loan documents (or securities backed by or representing interests in pools of mortgages of which the loan and the loan documents are part) may be sold or securitized through, among other things, private placements or public markets (a "Secondary Market Transaction") without further notice to or the consent of the Chargor. The Chargor and each Guarantor further acknowledge and agree that as part of such sale or securitization the information and materials (including financial statements, monthly and quarterly financial information and other information provided by the Chargor in respect of the Property, the status of the loan and the loan documents, and any defaults thereunder) provided in connection with this transaction or under the loan documents may be released or disclosed to the public or any private entity or group in an offering memorandum, prospectus or other disclosure document; to any subsequent or proposed purchaser and their third party advisors and/or agents; to the Chargee and its successors; to governmental authorities having jurisdiction over such sales or securitizations; to the servicer and its successors; and to other servicing entities who service securitized pools from time to time of which the loan and the loan documents may become part. The Chargor covenants and agrees that in the event the Chargee decides to include the loan in a Secondary Market Transaction, the Chargor shall (a) at the Chargee's request, meet with representatives of the rating agencies and/or investors to discuss the business operations on the Property, (b) permit the Chargee or its representatives to provide related information to the rating agencies and/or investors, and (c) cooperate with the reasonable requests of the rating agencies and/or investors in connection with all of the forgoing.

54. CRIMINAL RATE OF INTEREST

Notwithstanding any other provisions of the Charge, in no event shall the aggregate "interest" (as defined in Section 347 of the *Criminal Code*, (Canada), as the same shall be amended, replaced or re-enacted from time to time) payable to the Chargee under the Charge exceed the effective annual rate of interest on the "credit advances" (as defined in that section) under the Charge lawfully permitted under that section and, if any payment, collection or demand pursuant to the Charge in respect of "interest" (as defined in that section) is determined to be contrary to the provisions of that section, such payment, collection, or demand shall be deemed to have been made by mutual mistake of the Chargee and the Chargor and the amount of such payment or collection shall be refunded by the Chargee to the Chargor.

55. SEVERABILITY

If any term or provision contained in these Standard Charge Terms or the application thereof to any person or circumstance in any jurisdiction shall, to any extent, be invalid or unenforceable, the remainder of these Standard Charge Terms or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of these Standard Charge Terms shall be valid and enforceable to the fullest extent permitted by law. To the extent permitted by law, the Chargor hereby waives any provision of law which renders any such provision prohibited or unenforceable in any respect.

DATED this 14th day of July, 2006.

SCOTIA MORTGAGE CORPORATION

Per: Jane Rowe
Name: S. Jane Rowe
Title: President & Chief Executive Officer

Per: SMcCarthy
Name: Stephanie McCarthy
Title: Assistant Secretary

We have authority to bind the Corporation.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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Scotia Mortgage™

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200627 Cote
Filing Date August 14th/06 Date de Dépôt
Page 1 of/de 11 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

d by Scotia Mortgage Corporation SET OF STANDARD CHARGE TERMS NO.
following set of standard charge terms shall be deemed to be included in every charge in which the set
referred to by its filing number, as provided in Section 9 of the Act.

Fixed Rate Charge/Mortgage
(Land Titles Act and Registry Act)

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS NO.

1. DEFINITIONS

In this set of standard charge terms, **mortgage** means, for the non-electronic paper-based registration system, the Form 2 Charge/Mortgage of Land, or, for the electronic registration system, the charge prepared in electronic format and registered electronically pursuant to the provisions of the *Land Registration Reform Act* (as amended or replaced), as well as any attached schedules and this set of standard charge terms. **You** and **your** mean each person who signs the mortgage as chargor. **We, our** and **us** mean Scotia Mortgage Corporation, the chargee. **Your property** means the land described under Description or under Properties in the mortgage, all buildings now or later on it and anything now or later attached or fixed to the buildings or the land, including additions, alterations and improvements. **Principal amount** means the amount specified as the Principal Amount or as the Principal in the mortgage. **Loan amount** means the outstanding balance of all amounts (including interest) owing to us from time to time under the mortgage, as amended from time to time. Any reference to signing any document includes an electronic signature.

Any reference to signing the mortgage means signing Form 2 Charge/Mortgage of Land or a schedule to it, or signing an Acknowledgement and Direction or any schedule to it for electronic registration. References to paragraphs refer to paragraphs of this set of standard charge terms.

If this mortgage is a CMHC-insured mortgage, it is made pursuant to the **National Housing Act.**

2. WHAT THE MORTGAGE DOES

In return for our making a loan to you in the principal amount (which, by signing the mortgage, you acknowledge having received from us), you:

i) If you are the owner of your property, charge your property to us and our successors and assigns (called our **legal representatives**);

or

ii) If you are a tenant of your property under a lease, charge your interest in your property (including any option to purchase) to us and our legal representatives, for the entire term of the lease;

as security for repayment of the loan amount and the performance of all of your other obligations under the mortgage. This means you charge your entire interest in your property to us and to anyone to whom the mortgage is transferred in any way.

Termination of the Mortgage:

Our interest in the property terminates when you have:

- Repaid the loan amount (including interest) as provided in the mortgage; and
- Complied with all of your other obligations under the mortgage.

3. INTEREST

A. Interest Rate

The interest rate payable by you on the loan amount is specified as the Interest Rate in the mortgage. Interest is payable monthly and calculated half-yearly not in advance. The first half-yearly calculation of interest after the **interest adjustment date** (IAD) (which is one month before the date on which your first regular monthly loan payment is due) specified as the Interest Adjustment Date in the mortgage shall be for the six month period commencing on that date. That calculation shall be made six months after the interest adjustment date and half-yearly calculations of interest shall

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continue to be made every six months after that. Interest is payable on the loan amount at this rate both before and after the final payment date as well as both before and after default and judgment, until the loan amount has been paid in full.

B. Compound Interest

If on any monthly loan payment date you do not make the payment due on that day, we will charge you interest on any overdue portion of the loan amount (including interest) until paid to us. This is called **compound interest.** Compound interest shall be paid on your monthly loan payment dates. We will also charge interest, at the rate payable on the loan amount, on compound interest that is overdue until paid to us, both before and after the final payment date as well as both before and after default and judgment.

4. HOW YOU WILL REPAY YOUR LOAN

A. Currency and Place of Payment

You shall pay the loan amount to us in Canadian dollars. Your regular monthly loan payments and all other payments will be made at the Branch address set out in as the Chargee(s) Address for service in the mortgage, or at any other place we may designate, and are payable as follows:

B. Interest Payable Prior to and on Interest Adjustment Date

Before your regular monthly loan payments begin you will pay us interest, at the rate payable on the loan amount, on all money we have advanced to you up to the interest adjustment date or, at our option, such interest will be deducted from subsequent advances. Interest will be computed from the date of each advance and will become due and payable in monthly instalments on the first day of the month next following the date of each advance and on the first day of each and every month thereafter. The balance, if any, of interest on such advances (computed by excluding the interest adjustment date from the calculation) shall become due and be paid on the interest adjustment date.

C. Payments after the Interest Adjustment Date

The principal amount, together with interest calculated from the interest adjustment date, shall become due and be paid by you in regular monthly loan payments.

You will make your regular monthly loan payments to us in equal instalments in the amount specified as the Amount of Each Payment or as Payments in mortgage beginning on the date specified as the First Payment Date in the mortgage and continuing on the **FIRST** day of each and every following month and ending on the date specified as the Last Payment Date in the mortgage. Each date that you are required to make a monthly loan payment is called a **monthly loan payment date**. Each monthly loan payment consists of a portion of the principal amount together with the interest due and payable on the monthly loan payment date.

You will pay the balance of the principal amount, together with all interest due and payable on it, on the date specified as the Balance Due Date in the mortgage (which is the same as the date specified as Last Payment Date in the mortgage).

The principal amount is stated in the mortgage and interest is payable on it at the same rate and calculated in the same manner as interest is payable on the loan amount.

D. Application of Monthly Loan Payments

Each monthly loan payment will be used: **first**, to pay interest due and payable and **next**, to reduce the principal amount.

E. Early Payment on sale or Mortgage

If you sell, transfer, mortgage or charge your property, we may, at our option, require you to pay all the money that you owe us under this mortgage immediately, unless we have given our prior consent to the sale, transfer, mortgage or charge. If we consent to the sale, transfer, mortgage or charge and do not require you to immediately pay all the money that you owe us under this mortgage, your obligations to us under this mortgage and our rights against you or anyone else who is liable for the payment of money owing under this mortgage, are not affected.

5. PAYING OFF A MORTGAGE BEFORE THE MATURITY DATE

You may pay off some, or the entire mortgage early in the ways described below.

If we later agree to change or extend the terms of the mortgage, these prepayment provisions will not apply to the new or extended term.

Closed Mortgage

Providing all your mortgage payments are up to date, you may increase your payments, or pay off some of your mortgage early in one of the ways listed in the chart below. These options apply to partial prepayments only. The options are available each year and cannot be saved to use in a later year. Each year is defined as the 12-month period starting on the Interest Adjustment Date (IAD) or the anniversary of that date. If your mortgage term is less than 12 months, these options are available in each term.

PREPAYMENT OPTIONS		
How	When	What it means
1. *by paying an extra regular mortgage payment	on any regular payment date during the year.	your principal mortgage balance will be reduced by that amount
2. *by paying up to 15% of the original principal amount	at anytime, (excluding day prepaid in full) sum total must not exceed the yearly maximum.	
3. by increasing your regular monthly mortgage payment by up to 15% of the principal and interest payment set for the term of the mortgage	once each year of the term of your mortgage	

*Only items 1 & 2 qualify for the Miss a Payment option

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Prepayment costs

When you prepay some, or the entire principal of your mortgage, you will incur prepayment costs unless the partial prepayment is in accordance with the chart above. The costs depend on when you make your prepayment. There are two calculation periods: *closed period* and *open period*. You can however, reduce these costs if you supply a replacement mortgage as described below.

During the *closed period* you may only prepay your entire mortgage if you have entered into a good faith arms length sale of the mortgaged property.

DETERMINING YOUR CLOSED/OPEN PERIODS

Term of mortgage	Calculation Periods	
	Closed Period	Open Period
6 month	First 3 months	Last 3 months
1 year	First 3 months	Last 9 months
2 year	First year	Last year
3 year	First 2 years	Last year
4 or 5 year term	First 3 years	Last year or 2 years
7 year term CMHC* insured	First 3 years	Last 4 years
7 year conventional not CMHC insured	First 5 years	Last 2 years

*CMHC refers to Canada Mortgage and Housing Corporation

Closed Period

During the closed period, the cost to pay off some, or the entire principal amount of your mortgage early, is the higher of (a) or (b), plus a reinvestment fee. That fee is dependent on the length of time you have had the mortgage:

a) 3 months' interest costs at the mortgage rate on the amount you want to pay

b) the interest rate differential. This means the difference between your existing mortgage interest rate and the interest rate currently charged for a mortgage similar to yours for the remaining term of the loan. (This is a mortgage which has a term that is the next shortest to the remaining term of your existing mortgage.) The cost is calculated on the amount you wish to prepay.

If you pay off your mortgage within the 1st year after the Interest Adjustment Date, the reinvestment fee is $500. In the second year the fee is $400 and $300 in the third year. There is no fee if you have had the mortgage for more than 3 years.

Open Period

In the *open period*, the cost to pay off some, or the entire principal amount of your mortgage early is 3 months' interest costs at the mortgage rate on the amount you want to pay.

Reduced Early Payment Costs with a Replacement Mortgage

You can reduce the costs of paying off your entire mortgage early if you concurrently provide us with a qualifying replacement mortgage for an equal or greater amount than your existing mortgage.

If you do, then in the *closed period* of your mortgage term, your cost is the lesser of (c) or (d):

c) the interest rate differential. This means the difference between your existing mortgage interest rate and the interest rate currently charged for a mortgage similar to yours for the remaining term of the loan. (This is a mortgage which has a term that is the next shortest to the remaining term of your existing mortgage.) The cost is calculated on the amount you wish to prepay.

d) the interest rate differential between your existing mortgage rate and the interest rate of the replacement mortgage for the remaining term of the loan The cost is calculated on the amount you wish to prepay.

We may further reduce the cost by a minimum of $300, depending on the amount the replacement mortgage exceeds the amount of your existing mortgage. We will also waive the reinvestment fee.

In the *open period* of your mortgage term, your cost is the lesser of (c) or (d) above, or (e):

e) 3 months' interest costs at your existing mortgage rate.

We may also reduce this cost by a minimum of $300 as noted above.

In no event will your prepayment costs be less than zero.

Portable Mortgage

As long as we agree in writing, you may transfer your existing mortgage balance to a new home or you may combine your existing balance with additional funds and, depending on the remaining term of the existing mortgage, obtain an extended term. The interest rate on the replacement mortgage will be a blend of the rate you were paying on the funds transferred from your existing mortgage and the rate applicable to the term of the replacement mortgage and/or additional amount.

Miss a Payment Option

You may miss any scheduled payment as long as you have prepaid an amount equal to the missed payments in this term and your mortgage is not in default. You cannot however, miss your mortgage credit insurance premium, if applicable. Extra payments or prepayments may not be used to miss a payment if this mortgage is assumed by a subsequent purchaser.

Continuing Liability

Unless you prepay the balance of the principal amount owing, you must continue to make your regular monthly mortgage payments.

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6. YOUR TITLE TO YOUR PROPERTY

A. As Owner of Your Property, you certify that:

i) You are the lawful owner of your property;

ii) You have the right to give us the mortgage;

iii) There are no encumbrances on the title to your property; and

iv) There are no limitations or restrictions on your title to your property except building by-laws, zoning regulations and registered restrictions.

This paragraph A applies unless you have advised us in writing that you are a tenant of your property under a lease, in which case paragraph B applies.

B. If you Are a Tenant of Your Property

i) You certify that:

a) The property is leased to you and your legal or personal representatives under a lease, a copy of which you have provided to us;

b) The lease is a binding and existing lease and all information you have provided to us concerning it is true;

c) All rents payable under the lease have been paid to the date you sign the mortgage;

d) You have permission or the right to assign and mortgage or charge the lease; and

e) Except as expressed in the lease, there are no limitations, restrictions or encumbrances on your interest under the lease other than building by-laws, zoning regulations and registered restrictions.

ii) You promise:

a) To pay the rent as it falls due;

b) To comply with all of the other terms of the lease and not to do anything that would cause the lease to be terminated;

c) Not to surrender the lease;

d) Not to make any change in the lease without first obtaining our written consent;

e) To give us a true copy of any notice or request you receive concerning the lease; and

f) To notify us immediately if your landlord advises you of early termination or takes any steps to effect early termination of the lease.

C. You will not do anything that will interfere with our interest in your property.

D. In order to ensure that your entire interest in your property is charged to us you will sign any other documents or do anything further that we think is necessary.

7. USE OF YOUR PROPERTY

You will not make any additions, alterations or improvements to your property or use your property for any business purposes without our prior written consent. You may not use your property for any illegal purposes.

8. WE ARE UNDER NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance the entire principal amount or any part of it to you then we do not have to do so, even though the mortgage is prepared, signed or registered, and whether or not any part of the principal amount has already been advanced. However, by signing the mortgage you charge all of your interest in your property to us. You will reimburse us, on demand, for all our expenses of investigating the title to your property and preparing and registering the mortgage.

9. TAXES

A. You will make **monthly tax payments** to us on account of property taxes on each monthly loan payment. The amount of each monthly tax payment will be 1/12th of our estimate of a year's taxes on your property next becoming due and payable and may change from time to time to reflect changes in the annual taxes on your property. The monthly tax payments should enable us to pay all property taxes on or before their annual due date. Or, if your property taxes are payable in instalments, the monthly payments should enable us to pay the full year's instalments of property taxes on or before the date on which the first instalment is due.

B. If, however, the annual due date or the first instalment date for the payment of your property taxes is less than one year from the interest adjustment date, you will pay us equal monthly tax payments during that period and during the next 12 months. These equal monthly tax payments will be based on our estimate of the total taxes payable for both periods so that we will receive enough money from you to pay all taxes for both of those periods.

C. You will also pay us, on demand, any amount by which the actual taxes on your property exceed our estimate of your taxes. Or, at our option, we may increase the monthly payment to cover this amount.

D. We will pay your taxes from the monthly payment we receive from you as long as you are not in default under the mortgage. We are not obliged to make tax payments on the dates they are due or more often than once a year. If you have not paid us enough for taxes, we may still pay the taxes. This will create a debit balance in your tax account. Any debit balance is immediately payable by you. We are under no obligation to advise you that a debit balance has been created.

E. We will pay you interest on any credit balance in your tax account. The interest we pay will not be less than that paid by The Bank of Nova Scotia on savings-chequing accounts with the same credit balance. We will charge you interest on

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the debit balance in your tax account at the interest rate payable on the loan amount until the debit balance is paid to us in full.

F. If you fail to pay us any amount when it is due, we may apply the money in your tax account towards payment of such amount.

G. We can deduct from the total final advance of the principal amount enough money to pay all taxes due on or before the interest adjustment date and which have not been paid on the date the final advance is made.

H. You will immediately send us all assessment notices, tax bills or tax notices which you receive.

10. PAYMENTS WE CAN MAKE

We can pay off any liens, claims or encumbrances against your property which we consider to have priority over the mortgage. We can also pay all our expenses of collecting any payments not received from you when due. These expenses will include all our legal expenses on a solicitor and own client basis. You must immediately reimburse us for any amount so paid.

If we pay off any liens, claims or encumbrances against your property, we will be entitled to all the rights, equities and securities of the person, company, corporation or Government so paid off. We are authorized to retain any discharge which may be given for six months or more, if we consider it advisable to do so.

11. TRANSFER OF LEASES AND RENTS

A. If you have leased or, at a later date, lease all or part of your property to another person or persons, then, upon our written request, you will transfer and assign to us:

i) All leases, lease agreements and their renewals;

ii) All rents and other money payable under the terms of all leases and agreements. However, we may allow you to receive the rents so long as there is no default by you in making your payments to us or in complying with your other obligations to us under the mortgage; and

iii) All rights under the leases and agreements as they affect your property.

B. In addition, you confirm that:

i) You must obtain our prior written consent for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease);

ii) Nothing we do under this paragraph 11 shall put us in possession of your property;

iii) However, if you default under the mortgage, we have the right to take possession of your property; and

iv) We are not obliged to collect any rent or other income from your property nor to comply with any term of any lease or agreement.

12. INSURANCE

You will without delay insure, and keep insured, in our favour and until the mortgage is discharged, all buildings covered by the mortgage (including those which will be built in the future both during construction and afterwards) against loss or damage by fire and other perils usually covered in fire insurance policies and against any other perils we request. Such insurance must be provided by a company approved by us for the replacement cost of the buildings (the maximum amount for which the buildings can be insured) in Canadian dollars. Your policy must be in form satisfactory to us and must include extended perils coverage and a mortgage clause stating that loss is payable to us. You shall, at our request, transfer to us all insurance policies and receipts you have on the buildings and any proceeds from that insurance.

If you do not:

- Maintain insurance on the buildings that, in our opinion, complies with this paragraph;
- Deliver a copy of any insurance policy or receipt to us at our request; or
- Provide us with evidence, at our request, of any renewal or replacement of the insurance, at least fifteen full days before your insurance expires or is terminated;

we can, but are not obliged to, insure any of the buildings. What we pay for this insurance shall be added to the amount you owe under this mortgage and shall bear interest at the mortgage interest rate. You will pay this amount with your next monthly payment. If any loss or damage occurs, you will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. The production of this mortgage will be sufficient authority for an insurance company to pay us any loss related to the insurance policy or to accept instructions from us dealing with the loss.

Insurance proceeds may, in whole or in part, at our option, be:

a) Applied to rebuild or repair the damaged buildings;

b) Paid to you;

c) Paid to any other person who owns or did own the property, as established by the registered title; or

d) Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

This paragraph 12 does not apply (and paragraph 22E does apply) if your property is a condominium unit.

13. KEEPING YOUR PROPERTY IN GOOD CONDITION

You shall keep your property in good condition and make any repairs needed. You shall not do anything, or let anyone else do anything, that lowers the value of your property. We can inspect your property at any reasonable time. If, in our opinion, you:

- Do not keep your property in good condition; or
- Do or allow anything to be done that lowers the value of your property,

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we can make any repairs we think are advisable. The costs of any inspections and any repairs we make are immediately payable by you.

14. ENVIRONMENTAL PROVISIONS

We (including, in this section, the Canada Mortgage and Housing Corporation if this is a CMHC-insured mortgage) may inspect your property and the buildings on it when we consider it appropriate. We may do this for any purpose but particularly to conduct environmental testing, site assessments, investigations or studies which we consider necessary. The costs of any testing, assessment or study will be payable by you and you will pay us the costs immediately after we give you notice of them. If you do not pay us when we request it, we can add the amounts to the outstanding balance under your mortgage and they will bear interest at your mortgage interest rate. If we do the things permitted under this section, we will not be considered to be in control of your property.

15. REPAYMENT OF LOAN AMOUNT ACCELERATED

The loan amount will become payable immediately, at our option, if:

a) You default in making any regular monthly loan payment, or any other payment you are obliged to make to us under the mortgage.

b) You fail to comply with any of your other obligations under the mortgage.

c) Any lien is registered against your property or we receive written notice of any lien that is created as a result of unpaid property taxes, unpaid condominium maintenance fees, judgements or construction liens or other similar encumbrances.

d) Your property is abandoned.

e) Any buildings being erected or additions, alterations or improvements done on your property remain unfinished without work being done on them for 30 consecutive days.

f) You, or any party using your property with your permission, uses your property for illegal purposes.

16. APPOINTING A RECEIVER TO RECEIVE INCOME

If you default in making any regular monthly loan payment or any other payment which you have agreed to make to us, or in complying with any of your obligations under the mortgage, we can, in writing, appoint a receiver (which includes a receiver and manager) to collect any income from your property. We can also, in writing, appoint a new receiver in place of any receiver appointed by us. The receiver is considered to be your agent and not ours and his defaults are considered to be solely your defaults.

The receiver has the right to:

— Use any available remedy (taken in your name or our name) to collect the income from your property;

— Take possession of your property or part of it; and

— Manage your property and maintain it in good condition.

From the income collected the receiver may:

a) Retain a commission of 5% of the total money received or any higher rate permitted by a judge or other authorized officer.

b) Retain enough money to pay disbursements spent on collecting the income.

c) Pay all taxes, fire insurance premiums, expenses of keeping your property in good condition, interest on those payments and all other charges that have priority over the mortgage and interest on those charges.

d) Pay us all interest that is due and payable under the mortgage and then pay us all or part of any other amount payable under the mortgage, whether it is due or not.

Nothing done by the receiver puts us in possession of your property or makes us accountable for any money except for money actually received by us.

17. ENFORCING OUR RIGHTS

A. Default in Payment

If you default in making any regular monthly loan payment or any other payment that you are obliged to make to us under the mortgage, we may enforce any one or more of the following remedies in any order:

i) Sue you — We may take such action as is necessary to obtain payment of the loan amount.

ii) Foreclose or sell your property — We may commence court proceedings to foreclose your right, title and equity of redemption to all or part of your property. If we obtain a final order of foreclosure, your property will by law become our property.

We may also ask the court to order the sale of your property. If the court makes such an order, it will supervise the sale proceedings. The net proceeds of the sale will be applied to reduce the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

iii) Power of sale — If you default in making any payment for 15 days, we can on 35 days' notice to you enter on your property and:

a) Take possession of it;

b) Sell all or part of your property (for cash or on credit, or partly for cash and partly on credit) by private sale or public auction for the price and on those terms that can be obtained;

c) Lease it on such terms and for whatever period we may decide upon; or

d) Take any other remedy available to us under Ontario law.

Notice shall be given to you and to such other persons in the manner and as required by law at the time it is given. Where there are no such requirements, notice may be given to you, at our option, by one or more of the following means:

— Personal service at your last known address;
— Registered mail at your last known address;
— Publication in a newspaper published in the county or district where your property is located;
— Leaving it with an adult on your property; or
— Posting it on your property.

If default continues for three months, we may enter on, sell or lease your property without any notice unless notice is required by law.

We may apply the net proceeds of the sale or lease to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you. If the amount we receive from the sale or lease of your property is less than the loan amount, you must pay us the difference.

B. Default in your obligations including default in payment — If you default in any obligation under the mortgage (including any default referred to in paragraph A), we can enforce our above rights and we can enter on your property at any time, without the permission of any person, and make all arrangements that we consider advisable to:

— Inspect, lease, collect rents or manage your property;
— Repair or put in order any building on your property; or
— Complete the construction of any building on your property.

We can also take whatever action is necessary to take possession, recover and keep possession of your property.

C. Sale of goods (commercial mortgage only) —

If this is a commercial mortgage and you fail to make any payment to us when it is due, we can distrain against your goods. This means we can take any goods on your property and sell them as permitted by Ontario law. We may apply the net proceeds from the sale to reduce any part of the loan amount. Taking this action does not put us in possession of your property nor make us accountable for any money except the money we actually receive.

D. You will not interfere — You will not interfere with our possession of your property (if we go into possession of your property in enforcing our above rights) nor with the possession of anyone to whom your property is sold or leased by us or any receiver. You agree not to make any claim concerning the sale or lease of your property against anyone who buys or leases it from us or any receiver, or anyone who buys or leases it after that time.

E. Our expenses — You will immediately pay all our expenses of enforcing our rights. Our expenses include our costs of taking or keeping possession or your property, an allowance for the time and services of Scotia Mortgage Corporation's and/or The Bank of Nova Scotia's employees utilized in so doing, our legal fees on a solicitor and own client basis and all other costs related to protecting our interest under the mortgage.

F. Judgements — If we obtain a court judgement against you for your failure to comply with any of your obligations to us under the mortgage, the judgement will not result in a merger of the terms of the judgement with our other remedies or rights to enforce your other obligations under the mortgage. We will continue to be entitled to receive interest on the loan amount at the rate payable on the loan amount and at the same times as provided for in the mortgage. The rate of interest payable on any judgment shall be calculated and payable in the same way as interest is calculated under the mortgage and at the same rate that interest is payable on the loan amount until the judgment has been paid in full.

18. DELAY IN ENFORCEMENT OF OUR RIGHTS

No delay or extension of time granted by us to you or any other person in exercising the enforcement of any of our rights under the mortgage nor any agreement referred to in paragraph 21 shall affect our rights to:

a) Receive all payments you are obliged to make to us, when they are due and payable.
b) Demand that you repay the loan amount and all interest which is due and payable, on any default by you.
c) Have you comply with all of your obligations to us under the mortgage.

d) Have any other person comply with the obligations that person has to us under the mortgage.

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19. BUILDING MORTGAGE TERMS

An improvement means any alteration, addition or repair to any building on your property or any construction, erection or installation on your property. If the purpose of the mortgage is to finance an improvement, you must so inform us in writing immediately and before any advances are made under the mortgage. You must also provide us immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. You agree that any improvement shall be made only according to contracts, plans and specifications approved in writing by us in advance. You must complete all such buildings or improvements as quickly as possible and provide us with proof of payment of all contracts from time to time as we require. We will make advances (part payments of the principal amount) to you based on the progress of the improvement, until either completion and occupation or sale of your property. We will determine whether or not any advances will be made and when they will be made. Whatever the purpose of the mortgage may be, we may in our sole and absolute discretion hold back funds from advances until we are satisfied that you have complied with the holdback provisions of the Construction Lien Act as amended or re-enacted. You authorize us to provide information about the mortgage to any person claiming a construction lien on your property.

20. RELEASING YOUR PROPERTY FROM THE MORTGAGE

We may establish the terms for releasing our interest in all or part of your property (that is, we may discharge, or partially discharge, your property) from the mortgage whether we receive value for our release or not. If we release part of your property from the mortgage at any time, the rest of your property will continue to secure the loan amount. We are only accountable for money actually received by us.

If your property is subdivided before our interest in your property comes to an end, the mortgage will be secured by each part into which your property is subdivided. This means that each part will secure repayment of the total amount you owe us, even if we release another part of your property from the mortgage.

If any part of the property, or any land adjoining the property, is taken by the exercise of any power of expropriation or similar power, the entire compensation which you may be entitled to recieve shall, at our option, be applied to reduce the balance or the mortgage including any penalty, fee or interest to which we have a right under this mortgage or the relevant legislation.

We can release you, any guarantor, or any other person from performing any obligation contained in the mortgage or any other security document, without releasing any part of your property secured by the mortgage or any other security, and any such release shall not release any other person from the obligations in the mortgage.

21. RENEWING OR OTHERWISE AMENDING THE MORTGAGE

We may from time to time enter into one or more written agreements with you (or with any one to whom your property is transferred) to amend the mortgage by extending the time for payment, renewing it or its term for further periods of time, changing the interest rate payable under the mortgage or otherwise altering the provisions of the mortgage. Whether or not there are any encumbrances on your property in addition to the mortgage at the time the agreement is entered into, it will not be necessary to register the agreement on title in order to retain priority for the mortgage, as amended, over any instrument registered after the mortgage. Any reference in this set of standard charge terms to the mortgage means the mortgage as amended by any such agreement or agreements.

22. CONDOMINIUM PROVISIONS

If your property is a condominium unit, you are also to comply with the provisions in this paragraph 22 in addition to all of the other provisions of the mortgage (except paragraph 12).

In this paragraph 22, the Condominium Act, as amended or re-enacted, is called the **Act**. Expressions used below which are the same as those in the Act have the same meaning as those in the Act, except that the expression **condominium property** has the same meaning as the word "property" in the Act.

A. You will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the **corporation**) relating to your property and provide us with proof of your compliance from time to time as we may request.

B. You will pay the common expenses for your property to the corporation on the due dates. Or, if we exercise our right to collect your contribution towards the common expenses from you, you will pay the same to us upon being so notified. We can accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due.

C. You will forward to us any notices, assessments, by–laws, rules and financial statements of the corporation you receive (or are entitled to receive) from the corporation.

D. You will maintain all improvements made to your unit and repair them after damage.

E. Insurance — In addition to the insurance which the corporation must obtain, you must:

i) Insure all improvements which you or previous owners have made to your unit;

ii) Obtain insurance for those additional risks that we require;

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iii) Insure your common or other interest in buildings (whether presently existing or built in the future, both during construction and afterwards) which are part of the condominium property or assets of the corporation if the corporation fails to insure the buildings or assets as required or if we require you to do so;

iv) Assign your insurance policies to us and (as far as permitted by law) your interest in the policies held by the corporation.

v) Provide us with proof that the required insurance is in force, as well as evidence of any renewal or replacement of the insurance, within fifteen days before the insurance expires or is terminated.

vi) Do all that is necessary to collect insurance proceeds.

Each of your insurance policies (and those of the corporation) must comply with the following:

— Your property must be covered against destruction or damage by fire and other perils usually covered in fire insurance policies and against any other perils we require for its full replacement cost (the maximum amount for which it can be insured) in Canadian dollars;

— The insurance company and the terms of the policy must be satisfactory to us.

If you fail to insure your property as required in this paragraph 22, we can, but are not obliged to, obtain any insurance which you are required to obtain. What we pay for this insurance will immediately become payable by you to us. If any loss or damage occurs, you, on behalf of the condominium corporation and yourself, will provide us immediately, at your expense, with all necessary proofs of claim. You will also do all necessary acts to enable us to obtain payment of insurance proceeds. You will seek to ensure the full compliance by the condominium corporation with its duties and obligations under the **Condominium Act** and the Declaration and By-Laws of the condominium corporation.

To the extent permitted by law, insurance proceeds may, in whole or in part, at our option be:

a) Applied to rebuild or repair the damage to your property;
b) Paid to you;
c) Paid to any other person who owns or did own the property, as established by the registered title; or
d) Applied, at our sole discretion, to reduce any part of the loan amount, whether due or not yet due.

F. You must pay certain other expenses — In addition to our other rights and remedies contained in the mortgage, you will pay us immediately all our expenses in relation to:

— Any by-law, resolution, rule or other matter (other than one for which only a vote of the majority present at the meeting is required);

— The enforcement of our right to have the corporation or any owner comply with the Act, declaration, by-laws and rules; and

— Our exercising any voting rights we may have.

Where our expenses relate to other units as well as to your property, the amount you are required to pay will only be the expenses related to your property as we determine.

G. Voting and other rights — You authorize us to exercise your rights under the Act to vote, consent and dissent. You also authorize us to exercise your rights to:

— Demand the corporation purchase your unit and common interest, where provided under the Act;

— Elect to have the value of your unit and common interest or that of the condominium property determined by arbitration;

— Receive your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements.

If we do not exercise your rights, you may do so according to any instructions we may give you. Before making such a demand or election you must obtain our prior written approval. You must do this even if we do not have the right to make the demand or election as between ourselves and the corporation, and even if we had previously arranged for you to exercise that right.

Nothing done under this paragraph 22 puts us in possession of your property. We are not liable for any action we may take in doing what you have authorized us to do or for any failure to act. We may at any time revoke any arrangement we make for you to do anything you have authorized us to do.

H. Our additional rights under the mortgage — You authorize us to do the following:

i) Inspect your property at any reasonable time.
ii) Do any needed maintenance or repairs after damage.
iii) Inspect the corporation's records

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iv) Remedy any failure of yours to comply with the Act or the declaration, by-laws and rules of the corporation.

I. Repayment of the loan amount may be accelerated — The loan amount will become payable immediately, at our option, if:

i) The corporation fails to comply with the Act and the declaration, by laws and rules of the corporation;

ii) The corporation fails to:

— insure all the condominium units and common elements according to law and according to any additional requirements of ours;

— insure its assets if we so require and according to our requirements;

— provide us with proof that the insurance is in force, if we ask for it; or

— do all that is necessary to collect insurance proceeds;

iii) The corporation does not, in our opinion, manage the condominium property and assets in a careful way;

iv) The corporation fails to keep the corporation's assets in good repair and working order;
v) The corporation makes any substantial modification to the common elements or the corporation's assets without our approval;

vi) There has been substantial damage and the owners have voted for termination of the condominium;

vii) A sale of the condominium property or any part of the common elements is authorized;

viii) A court makes an order that the government of the condominium property by the Act be terminated; or

ix) The condominium property ceases to be governed by the Act.

Our rights will not be affected by the fact that we voted for or consented to such termination, sale or order or to the condominium property not being governed by the Act.

J. Termination of the corporation — If your property ceases to be governed by the Act:

— All the terms of the mortgage continue to apply;

— You authorize us to agree with anyone to a partition of the condominium property. We can pay or receive money to ensure that the partition is equal and you will reimburse us, immediately, for any money we have paid. We can also execute all documents and do all acts needed to carry out the partition;

— Your share of the corporation's assets and the proceeds from the sale of your unit and common interest or of the condominium property or any part of the common elements shall be paid to us (unless we notify you to the contrary in writing) and you will do all things necessary to accomplish this; and

— Any money received by us (after payment of all our expenses) may be applied to reduce any part of the loan amount. Any balance remaining after all claims have been satisfied will be paid to you.

23. DISCHARGE

When our interest in your property comes to an end, we will provide, at our sole discretion, either a full discharge of our claim (which is called a Discharge of Charge/Mortgage) or a written confirmation that our claim has been discharged (which is called a Notification of Discharge). You will give us a reasonable time in which to prepare such documents and you will pay our usual administrative fee for preparing, reviewing, signing or registering the discharge document and all legal and other expenses we incur in so doing. In the event we provide you with a Discharge of Charge/Mortgage, you will be responsible for registering the documentation and for all costs relating to such registration.

When our interest in your property comes to an end and you request that we assign your mortgage we will prepare an assignment to the mortgage for you. You will give us a reasonable time in which to prepare and sign the assignment and you will pay our usual administrative fee for preparing, reviewing and signing the documentation and all legal and other expenses we incur in so doing. You will be responsible for registering the documentation and for all costs relating to such registration.

24. HEADINGS

Headings form no part of the mortgage. They are used so that parts of the mortgage can easily be referred to.

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25. WHO IS BOUND BY THE MORTGAGE

You agree to observe and be bound by all of the terms and obligations contained in the mortgage. The mortgage will also be binding on your heirs, personal and legal representatives, successors or assigns, our successors, assigns or legal representatives and anyone else to whom your property is transferred. As well, the mortgage will be binding on anyone to whom it is transferred by us. All persons who sign the mortgage as chargors are collectively and individually (that is, jointly and severally) bound to comply with all obligations under the mortgage.

26. STATUTORY COVENANTS EXCLUDED

The covenants set out in Section 7(1) of the Land Registration Reform Act, 1984, as amended or re-enacted, are excluded from the mortgage.

27. GUARANTEE

In this paragraph 27, **guarantor** means each person who signs the mortgage as guarantor. **Chargor** means the person or persons who sign the mortgage as chargor and **property** means the property charged by the mortgage.

In return for us making a loan to the chargor, the guarantor, by signing the mortgage, guarantees the chargor's payments (including interest, whether or not the interest rate is changed), and compliance with the chargor's other obligations, under the mortgage. Each guarantor agrees that, if the chargor defaults in making any payment or in performing any other obligation under the mortgage, the guarantor will pay us all of the unpaid payments and comply with all of the obligations which have not been complied with by the chargor. Each guarantor will be collectively and individually (that is, jointly and severally) responsible with the chargor and with one another (if more than one) for all obligations under the mortgage.

It is understood that we can without lessening the guarantor's liability and without obtaining the consent of or giving notice to the guarantor:

- Grant any extensions of time for payment and extensions of the term of the mortgage, including any renewals of the mortgage or its term for further periods of time;
- Increase the rate of interest payable under the mortgage, either during the initial term or in any subsequent renewal period;
- Release the whole or any part of the property from the mortgage or any other security;
- Otherwise deal with the chargor, any other person (including any guarantor), any security (including the mortgage) or the property, including releasing, realizing on or replacing any security we may hold;
- Waive any provision of the mortgage or change any of the terms of the mortgage at any time during the initial term of the mortgage or in any subsequent renewal period;

either before or after requiring payment from any person without affecting the guarantee. We may require payment from any guarantor without first trying to collect from the chargor or any other person (including any guarantor) or on any security (including the mortgage). Each guarantor's obligations shall be binding upon the guarantor's successors or personal representatives.

Dated this 2nd day of August, 2006

Lezley Chafetz
Director
Scotia Mortgage Corporation
I have the authority to bind the corporation.

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Filing Date August 14th/06 Date de Dépôt
Page 1 of/de 27 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

STANDARD CHARGE TERMS

FILED BY: MYNEXT FUNDING CORPORATION

FILING DATE (ALBERTA): AUGUST___, 2006

FILING NUMBER (ALBERTA):________

FILING DATE (BRITISH COLUMBIA): AUGUST_____,2006

FILING NUMBER (BRITISH COLUMBIA):__________

FILING DATE (ONTARIO): AUGUST___, 2006

FILING NUMBER (ONTARIO):________

The following set of Standard Charge Terms shall be deemed to be included in every Mortgage in which the set is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act, R.S.O. 1990, c.L.4, irrespective of whether the Mortgage is registered using a paper-based system of registration or if it is registered electronically, except to the extent that the provisions of this set of Standard Charge Terms are modified by additions, amendments or deletions in any schedule forming part of the Mortgage.

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MORTGAGE TERMS

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MORTGAGE TERMS

1. DEFINITIONS

1.1 In the Mortgage;

(a) **"Assignment of Rents"** means the provisions of the Mortgage in the section of the Mortgage Terms called "Assignment of Rents";

(b) **"Balance Due Date"** means the balance due date shown on the Mortgage Form and is the date on which all unpaid Mortgage Money becomes due and payable, or such earlier date on which MNFC can lawfully require payment of the Mortgage Money;

(c) **"Borrower"** means the person or persons described in the Mortgage Form as the borrower, chargor or mortgagor and who signed the Mortgage Form as the borrower, chargor or mortgagor and the heirs, personal representatives, successors and assigns of the Borrower;

(d) **"Borrower's Promises and Agreements"** means any one or more of the Borrower's obligations, acknowledgments, promises and agreements contained in the Mortgage, in the section of the Mortgage Terms called "Borrower's Promises and Agreements" or elsewhere;

(e) **"Commitment"** means any commitment document(s) issued by MNFC to the Borrower for the Mortgage, and any application(s) for the Commitment;

(f) **"Company"** means the Borrower or the Covenantor, if the Borrower or the Covenantor is a company;

(g) **"Court"** means a court, Judge, Master, or a Registrar, District Registrar, Deputy Registrar or Registrar General of a court or a Land Title Office, or other judicial or quasi-judicial officer having jurisdiction in any manner arising out of the Mortgage;

(h) **"Covenantor"** means the person or persons who signed the Mortgage Form as the covenantor or guarantor or as the covenantors or guarantors and the heirs, personal representatives, successors and assigns of the Covenantor;

(i) **"Covenantor's Promises and Agreements"** means any one or more of the Covenantor's obligations, acknowledgments, promises and agreements contained in the Mortgage, in the section of the Mortgage Terms called "Covenantor's Promises and Agreements" or elsewhere;

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(j) **"Default"** includes each of the events of default listed in the section of the Mortgage Terms called "Default";

(k) **"Income"** means any rents and profits of or arising from or in any way connected with the Land or the Rental Agreements;

(l) **"Interest"** means interest at the Interest Rate;

(m) **"Interest Adjustment Date"** means the interest adjustment date shown on the Mortgage Form;

(n) **"Interest Calculation Period"** means the period or periods for the calculation of interest shown on the Mortgage Form;

(o) **"Interest Rate"** means the interest rate or rates shown on the Mortgage Form, or such other interest rate or rates as may be agreed in writing between MNFC and the Borrower after execution of the Mortgage Form;

(p) **"Land"** means all the Borrower's present and future interest in the land described in the Mortgage Form including every incidental right, benefit or privilege attaching to that land or running with it; and all buildings and improvements that are now or later constructed on or made to that land; and all apparatus, equipment or appliances now or later attached or added to, or brought upon, such buildings and improvements (which apparatus, equipment and appliances shall be fixtures);

(q) **"Land Title Office"** means the government or other office in which the title to the Land is registered or recorded;

(r) **"Lease"** means with respect to any part of the Land in which the Borrower has a leasehold interest, the lease or leases under which such leasehold interest is created and any lease or leases with respect to all or any part of the Land which may be entered into in replacement of or renewal of such lease or leases, as any of the foregoing may be amended from time to time;

(s) **"Legal Costs"** means actual legal costs, on a solicitor and own client (full indemnity) basis;

(t) **"Loan Payment"** means the amount of each periodic payment shown on the Mortgage Form;

(u) **"MNFC"** means MyNext Funding Corporation, and being the party described in the Mortgage form as the "Mortgagee", and the successors and assigns of MyNext Funding Corporation;

(v) **"Mortgage"** means the Mortgage Form and the Mortgage Terms;

(w) **"Mortgage Form"** means the document prescribed by statute or regulation as the first part of the Mortgage, which makes reference to the Mortgage Terms, and includes all schedules and addenda to such document;

(x) **"Mortgage Money"** means the Principal Amount, Interest and any other money owed by the Borrower under the Mortgage, the payment of which is secured by the Mortgage;

(y) **"Mortgage Terms"** means these mortgage, or charge, or standard charge mortgage, terms;

(z) **"Other Charges"** means any mortgage, agreement for sale or other charge or encumbrance of any kind whatsoever of or against the Land;

(aa) **"Payment Date"** means each payment date commencing on the first payment date shown on the Mortgage Form;

(bb) **"Permitted Encumbrances"** means charges affecting the Land or the Borrower's interest in the Land consented to in writing by MNFC;

(cc) **"Place of Payment"** means the place of payment shown on the Mortgage Form or any other place specified in a written notice given by MNFC to the Borrower under the Mortgage Terms;

(dd) **"Prime"** means that fluctuating rate of interest charged by the head office of Royal Bank of Canada and called by Royal Bank of Canada its prime rate, as it is designated by Royal Bank of Canada from time to time;

(ee) **"Principal Amount"** means the amount of money shown as the principal amount on the Mortgage Form as reduced by payments made by the Borrower from time to time, or increased by the advance or re-advance of money to the Borrower by MNFC from time to time, and includes all money that is later added to the Principal Amount under the Mortgage Terms;

(ff) **"Receiver"** means a receiver or receiver-manager of the Land or the rents and profits of the Land;

(gg) **"Rental Agreements"** means all rental agreements, leases, licenses, occupancy or similar agreements or arrangements, whether written or oral, and any renewals, replacements and amendments, of, for or in any way connected with or relating to the Land or the Income;

(hh) **"Strata Lot"** means a strata lot or condominium unit, and any interest of the Borrower in all common areas, parking stalls, storage lockers, and other property of the Strata Corporation;

(ii) **"Strata Corporation"** means the corporation governing the Strata Lot;

(jj) **"Taxes"** means all taxes, rates, assessments, local improvement rates, utilities and similar charges levied on the Land by any lawful authority, and any interest or penalties thereon.

2. WHAT THE MORTGAGE DOES

2.1 In return for MNFC agreeing to lend all or part of the Principal Amount to the Borrower, the Borrower grants and mortgages the Land to MNFC as security for repayment of the Mortgage Money and for performance of all the Borrower's Promises and Agreements;

2.2 If the Land comprises or includes a Lease;

(a) the last day of the term of the Lease is excluded from the Mortgage;

(b) the Borrower acknowledges that the last day of the term of the Lease is held in trust by the Borrower for and on behalf of MNFC;

(c) the Borrower irrevocably appoints all officers of MNFC as attorneys of the Borrower, for the purpose of and with full authority to deal with the last day of the term of the Lease as they choose.

2.3 This means that;

(a) the Mortgage shall be a charge on the Land; and

(b) the Borrower releases to MNFC all the Borrower's claim to the Land until the Borrower has paid the Mortgage Money to MNFC, in accordance with the Mortgage Terms, and has performed all of the Borrower's Promises and Agreements;

2.4 The Borrower may continue to remain in possession of the Land as long as the Borrower performs all of the Borrower's Promises and Agreements;

2.5 When the Borrower has paid the Mortgage Money and performed all the Borrower's Promises and Agreements under the Mortgage and MNFC has no obligation to make any further advances or re-advances, the Borrower will be entitled, at the Borrower's cost unless prohibited by law, to receive a discharge of the Mortgage. MNFC has no obligation to effect the registration of the discharge at the Land Title Office.

3. INTEREST

3.1 The Borrower promises and agrees that;

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(a) Interest is chargeable on the Mortgage Money and is payable by the Borrower, both before and after Default and the Balance Due Date (and, except where prohibited by law, after any Judgment for or relating to the Mortgage Money);

(b) Interest on advances or re-advances of the Principal Amount starts on the date and on the amount of each advance or re-advance, and accrues on the Principal Amount until the date the Borrower has paid or is deemed under the Mortgage to have paid, all the Mortgage Money;

(c) Interest accrues on, and is payable for, the actual dates of advances and payment or deemed payment;

(d) Interest payable on any part of the Principal Amount advanced before the Interest Adjustment Date is due and payable to MNFC on the Interest Adjustment Date;

(e) at the end of each Interest Calculation Period, unpaid accrued interest will be added to the Principal Amount and bear Interest; this is known as compound interest;

(f) a certificate of an officer of MNFC shall be conclusive evidence of Prime and of Interest from time to time;

(g) when Prime increases or decreases, then and so often as that may happen, the Interest payable under the Mortgage, if it is related to Prime, shall be increased or decreased accordingly, without notice by MNFC to the Borrower or otherwise.

4. PAYMENT OF THE MORTGAGE MONEY

4.1 The Borrower promises to pay the Mortgage Money to MNFC at the Place of Payment in accordance with the payment provisions in the Mortgage, without abatement, set-off, counterclaim, deduction or withholding of any kind. Without limiting the generality of the foregoing, the Borrower promises to pay the Mortgage Money and all parts thereof without deduction or withholding of any kind for taxes, levies, duties, fees or similar charges, that are imposed, assessed, levied, charged, collected or withheld by any government in or outside Canada. If the Borrower is required to deduct or withhold any such amounts from the payment of the Mortgage Money or any part thereof, the payment amount shall be increased so that the amount actually paid to MNFC is the amount MNFC would have received were the amounts not deducted or withheld.

4.2 Monies received by MNFC after 1:00 p.m. or on a Saturday, Sunday or statutory holiday shall be deemed to be received on and shall not be applied to the Mortgage Money until the next day which is not a Saturday, Sunday or statutory holiday;

4.3 The Borrower shall supply to MNFC for the term of the Mortgage a pre-authorized account payment form acceptable to MNFC for the Loan Payments;

4.4 If a payment under the Mortgage is not paid, not honoured by the Borrower's financial institution or paid late, the Borrower shall pay MNFC the following fees, in addition to any other remedies in the Mortgage;

(a) $75 on the first such occasion;

(b) $100 on the second such occasion;

(c) $125 on the third such occasion;

(d) $150 on the fourth such occasion;

(e) $175 on the fifth such occasion;

(f) $200 on the sixth and any other such occasions.

4.5 If any tax must be paid by MNFC on any monies paid by the Borrower to MNFC, then the amount of such payment shall be increased such that the net amount kept by MNFC after payment of such tax will equal the amount that would have been paid were such tax not payable.

5. PREPAYMENT OF THE MORTGAGE MONEY

5.1 The Borrower does not have the right to prepay all or any part of the Mortgage Money unless such right is set forth in the Mortgage Form, and then only exactly as set forth in the Mortgage Form.

6. BORROWER'S PROMISES AND AGREEMENTS

6.1 The Borrower promises and agrees;

(a) to comply with all terms and conditions of any Permitted Encumbrances;

(b) to comply with all laws, bylaws and orders (federal, provincial, municipal or otherwise) that apply to the Land;

(c) that no hazardous or criminal activity of any kind will be conducted on the Land;

(d) that no hazardous or illegal substances, including marijuana, will be cultivated or processed on the Land;

(e) to sign any other document that MNFC reasonably requires to ensure that payment of the Mortgage Money is secured by the Mortgage or by any other security the Borrower has agreed to give to MNFC;

(f) to keep all buildings and improvements which form part of the Land in good condition;

(g) not to tear down any building or improvement or part of a building or improvement which forms part of the Land or to do anything that has the effect of reducing the value of the Land;

(h) not to construct, alter or add to any buildings or improvements on the Land without the prior written consent of MNFC, and then only in accordance with all accepted construction standards, building codes, government requirements and plans and specifications approved in writing by MNFC;

(i) to occupy the Land as the principal residence of the Borrower and the Borrower's immediate family, and not to allow the Land to be occupied by any other persons without the written consent of MNFC;

(j) if the Borrower has rented the Land or any part of the Land to a tenant, to keep records of the Income and of all expenses paid by the Borrower in connection with the Land and, at least annually, have a statement of revenue and expenses for the Land prepared by a professional accountant and to immediately give a copy of the statement to MNFC, if MNFC requires the Borrower to do so;

(k) to pay, except where prohibited by law, all of MNFC's fees and costs, including Legal Costs, to;

- (i) inspect the Land;
- (ii) investigate title to the Land;
- (iii) prepare and register the Mortgage and other security, or renewals thereof, including all necessary steps to advance and secure the Mortgage Money and to report to MNFC;
- (iv) collect the Mortgage Money;
- (v) enforce the terms of the Mortgage, including efforts to compel the Borrower to perform the Borrower's Promises and Agreements;
- (vi) take and keep possession of the Land;
- (vii) protect, preserve and defend MNFC's interest in the Mortgage and the Land;
- (viii) defend, participate in or monitor any proceeding, judicial or otherwise, that affects the Land;
- (ix) remove, dispose of, or otherwise deal with personal property left on the Land;

(x) insure MNFC's interest in the Lands;

(xi) appraise the Lands;

(xii) investigate the environmental state of the Lands;

(xiii) remediate any environmental contamination or potential contamination of the Lands, or to comply with any requirement in this regard of any government;

(xiv) prepare a discharge of the Mortgage when the Borrower has paid all money due under the Mortgage and the Borrower wants it to be discharged;

(xv) prepare Mortgage Money statements for discharge or assumption purposes or otherwise;

(xvi) prepare renewal, extension or assumption agreements or documents;

(xvii) receive and process requests for assumption, extension or renewal, restructuring, reinstatement or other amendment of the Mortgage, whether or not completed; or;

(xviii) effect an assumption or transfer of the Mortgage;

(xix) do anything which the Borrower has promised to do but has not done;

(l) to pay any money which, if not paid, would result in a default under any Other Charges or which might result in a sale of the Land;

(m) to pay and cause to be discharged any Other Charges which are not Permitted Encumbrances;

(n) that the Borrower owns the Land and has the right to mortgage the Land to MNFC;

(o) that the Borrower's title to the Land is subject only to;

(i) those charges and encumbrances that are registered in the Land Title Office at the time the Borrower signed the Mortgage Form;

(ii) any unregistered charges and encumbrances that MNFC has agreed to in writing;

(p) that, subject to the immediately foregoing, the Borrower;

(i) has not granted any Other Charges;

(ii) has no knowledge of any other claims against the Land;

(q) that the Commitment is part of the Mortgage and if any part of the Commitment is inconsistent with any part of the Mortgage MNFC can determine, at its sole option, whether that part of the Commitment or that part of the Mortgage prevails;

(r) all representations and warranties of the Borrower in the Commitment are true.

7. AGREEMENTS BETWEEN THE BORROWER AND MNFC

7.1 Any money paid to MNFC under the Mortgage shall;

(a) prior to a Default, be applied first in payment of any money other than the Principal Amount and Interest, second in payment of Interest, and third in payment of the Principal Amount; and

(b) after a Default, be applied to the Mortgage Money in any manner MNFC chooses;

7.2 MNFC may at any reasonable time inspect or have appraised the Land and any buildings and improvements which form part of it;

7.3 If MNFC takes possession of the Land MNFC will not be responsible for maintaining and preserving the Land and need only account to the Borrower for any money which MNFC actually receives in connection with the Land;

7.4 MNFC may, if it chooses, spend money to perform any of the Borrower's Promises and Agreements which the Borrower has not performed and any money so spent shall be added to the Principal Amount and be secured by the Mortgage, bear Interest from the date that the money was so spent, and be immediately due and payable to MNFC. MNFC can rely on any statement as to the amount of money required to be so spent, and the Borrower will not have any remedy against MNFC if any such statement is not correct;

7.5 If the Borrower wants to give any notice to MNFC, the Borrower must do so by having it delivered personally to a vice president of MNFC;

7.6 If MNFC wants to give any notice to the Borrower, MNFC may do so by having it delivered to or by sending it by mail to the last address of the Borrower or the Borrower's legal representative known to MNFC, or by sending it by facsimile transmission to the last known facsimile number of the Borrower or the Borrower's legal representative known to MNFC;

7.7 The Borrower is not released from the Borrower's Promises and Agreements only because the Borrower sells the Land;

7.8 The Borrower is not released from the Borrower's Promises and Agreements only because, after the Borrower sells the Land, any change is made to the terms and conditions of the Mortgage (and, in that event, the Borrower agrees to be bound by any such change);

7.9 If the Borrower has mortgaged or charged anything else to MNFC to secure payment of the Mortgage Money, MNFC may take all lawful proceedings under any of the mortgages or charges in any order that MNFC chooses;

7.10 The Mortgage is in addition to and not in substitution for any other security held by MNFC for the Mortgage Money;

7.11 MNFC's right of consolidation applies to the Mortgage and to any other mortgages given by the Borrower to MNFC. This means that if the Borrower has mortgaged other property to MNFC the Borrower will not have the right, after a Default, to pay off the Mortgage or any other mortgage unless the Borrower pays MNFC all money owed by the Borrower under the Mortgage and all of the other mortgages;

7.12 The Borrower agrees that MNFC may securitize, assign or pledge the Mortgage, without the consent of the Borrower. The Borrower irrevocably agrees that MNFC can collect, use and disclose all personal information included in or relevant to the Mortgage (including credit and default information) with respect to the Borrower or any Covenantor in connection with such securitization, assignment or pledge, or with respect to collection or enforcement proceedings for the Mortgage;

7.13 MNFC does not have to advance or re-advance the Principal Amount or the rest or any further part of the Principal Amount to the Borrower even though;

(a) the Borrower has signed the Mortgage;

(b) the Mortgage is registered in the Land Title Office; or

(c) MNFC has advanced part of the Principal Amount;

7.14 MNFC may deduct from any advance of the Principal Amount;

(a) any Taxes that are due;

(b) any Interest that is due and payable to the date of the advance, and to the Interest Adjustment Date;

(c) all of MNFC's fees and costs, including Legal Costs, of and in connection with the preparation and registration of the Mortgage and other security, including other necessary steps to advance and secure the Mortgage Money and to report to MNFC;

(d) any insurance premium;

(e) any appraisal or inspection fees; or

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(f) any other money owing to MNFC by the Borrower.

8. INSURANCE

8.1 The Borrower promises and agrees;

(a) to insure and keep insured against the risk of fire and other risks and losses that MNFC asks the Borrower to insure against, with an insurance company licensed to do business and acceptable to MNFC, all buildings and improvements on the Land to their full insurable value on a replacement cost basis and to pay all insurance premiums when due;

(b) the insurance policy or policies required by the Mortgage Terms shall contain a standard mortgage clause and earthquake coverage approved by MNFC and shall state that payment of any loss shall be made to MNFC at the Place of Payment and, if the Mortgage is not a first mortgage, the amount of any payment made by the insurance company shall be paid to the Borrower's lenders in the order of their priorities;

(c) the Borrower gives up any statutory right to require the insurance proceeds to be applied in any particular manner;

(d) to send a true copy of each insurance policy and renewal certificate to MNFC at the Place of Payment;

(e) if the Mortgage is in default, the Borrower shall pay MNFC $75.00 for each month during which default continues, as compensation for MNFC's costs of insuring its interest in the Lands;

(f) that if MNFC insures its interest in the Lands, MNFC is under no obligation to otherwise insure the Lands.

9. TAXES

9.1 The Borrower promises and agrees;

(a) to pay all Taxes when they are due and to immediately send to MNFC at the Place of Payment all notices of Taxes which the Borrower receives and proof of payment of all Taxes once they are paid;

(b) to apply for all government grants, assistance and rebates in respect of Taxes;

(c) if MNFC requires the Borrower to do so, to pay MNFC;

(i) on each Payment Date the amount of money estimated by MNFC to be sufficient to permit MNFC to pay the Taxes when they are due, and

(ii) any money in addition to the money already paid towards the Taxes so that MNFC will be able to pay the Taxes in full.

10. DEFAULT

10.1 Default occurs under the Mortgage if;

(a) the Borrower breaks any of the Borrower's Promises and Agreements;

(b) the Covenantor breaks any of the Covenantor's Promises and Agreements;

(c) the Borrower breaks any promise or agreement which the Borrower has made to MNFC in a mortgage of any other land or other property or in any other agreement the Borrower has made with MNFC;

(d) the Covenantor breaks any promise or agreement which the Covenantor has made to MNFC in a mortgage of any other land or other property or in any other agreement the Covenantor has made with MNFC;

(e) the Borrower or the Covenantor breaks any of their promises and agreements in the Commitment;

(f) any of the representations of the Borrower or the Covenantor in the Mortgage or the Commitment are false;

(g) the Borrower or the Covenantor breaks any of their promises and agreements in any Other Charges;

(h) the Borrower or the Covenantor becomes bankrupt or insolvent;

(i) the Land is abandoned or is left unoccupied for thirty or more consecutive days, or construction of any building or improvement on the Land ceases for thirty or more consecutive days, without the prior written consent of MNFC;

(j) the Land or any part of it is expropriated;

(k) the Borrower sells or agrees to sell all or any part of the Land, or the Borrower leases all or any part of the Land, or the Borrower grants an option to purchase or a right of first refusal for all or any part of the Land, without the prior written consent of MNFC;

(l) the Borrower gives another mortgage or charge of the Land or the Income to someone other than MNFC without the prior written consent of MNFC;

(m) the Borrower does not discharge any judgment or similar charge registered in the Land Title Office against the Land within thirty days after its registration; or

(n) the Borrower allows any claim of builders lien or similar charge to remain registered in the Land Title Office against the Land for more than thirty days after its registration, unless the Borrower;

  (i) diligently disputes the validity of the claim by taking all necessary legal steps to do so;

  (ii) gives MNFC security acceptable to it, to pay the claim in full if it is found to be valid; and

  (iii) authorizes MNFC to use, if it chooses, the security to pay the lien in full;

(o) there is default under the Lease; or

(p) a Receiver is appointed;

10.2 If a Default occurs under the Mortgage, it will have the same effect as though a Default had occurred under any other mortgage or agreement between the Borrower and MNFC or the Covenantor and MNFC.

11. CONSEQUENCES OF A DEFAULT

11.1 If a Default occurs, all the Mortgage Money then owing to MNFC will, if MNFC chooses, at once become due and payable;

11.2 If a Default occurs, the Borrower waives any rights of reinstatement, whether by statute or otherwise;

11.3 If a Default occurs and involves the failure of the Borrower or the Covenantor to pay any money required to be paid by either of them under the Mortgage, MNFC may, if it chooses, make that payment and add it to the Principal Amount, without in any way waiving or excusing that Default;

11.4 If a Default occurs MNFC may, in any order that MNFC chooses, do any one or more of the following;

(a) demand payment of all the Mortgage Money;

(b) sue the Borrower for the amount of money due;

(c) sue the Covenantor for the amount of money due;

(d) take proceedings and any other legal steps to compel the Borrower to keep the Borrower's Promises and Agreements;

(e) take proceedings and any other legal steps to compel the Covenantor to keep the Covenantor's Promises and Agreements;

(f) sell the Land;

(g) apply to the Court for an Order that the Land be sold;

(h) apply to the Court to foreclose the Borrower's interest in the Land so that when the Court makes its final order of foreclosure the Borrower's interest in the Land will be absolutely vested in and belong to MNFC;

(i) appoint a Receiver;

(j) without becoming a mortgagee in possession, enter on the Land without the permission of anyone and make any arrangements MNFC considers necessary to;

  (i) inspect, lease, collect rents or manage the Land;

  (ii) complete the construction of any building or improvement on the Land; or

  (iii) repair any building or improvement on the Land;

  (iv) conduct environmental assessments or investigations of the Land;

(k) take, recover and keep possession of the Land;

(l) insure MNFC's interest in the Lands (whether or not the Lands are partially or fully Insured);

11.5 If MNFC sells the Land, the following terms and conditions shall apply to such a sale:

(a) notice shall be given to the Borrower and any other persons in such manner and form and within such time as provided by statute or regulation in the Province where the Land is located. Unless otherwise required, the Borrower agrees that notice may be given by having it delivered to or by sending it by mail to the last address of the Borrower or the Borrower's legal representative known to MNFC, or by sending it by facsimile transmission to the last known facsimile number of the Borrower or the Borrower's legal representative known to MNFC;

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(b) the sale may be conducted immediately upon expiration of any period required by law or at any time thereafter, and MNFC may delay the sale for such period of time as it chooses;

(c) MNFC may sell the whole or any part or parts of the Land by public auction, private contract, or partly one or partly the other;

(d) MNFC may sell on such terms as to credit and otherwise as MNFC chooses and for such prices as can reasonably be obtained, and may make any stipulations as to title or other matter which MNFC chooses;

(e) in the case of a sale on credit MNFC will be bound to pay the Borrower or any other person with a claim thereto or apply on account of the Principal Amount only such monies as have actually been received from the purchaser from time to time;

(f) after the satisfaction of the Mortgage Money, MNFC is not bound to pay any remaining monies to the Borrower or any other person claiming entitlement thereto until all such agreements and assurances required by MNFC have been executed and delivered;

(g) MNFC may buy in or rescind or vary any contract for the sale of the whole or any part of the Land, and resell without being responsible for any resulting loss;

(h) any person, including MNFC or any employee, agent or representative of MNFC, may bid on, tender for or purchase the Land at the sale;

(i) any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper. No want of any required notice or publication shall invalidate any sale or lease under this Mortgage and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the power of sale shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given; any person prejudiced by an unauthorized, improper or irregular exercise of the power shall have his or her remedy against the person exercising the power in damages only;

(j) all provisions of the Mortgage relating to a sale of the Land following default, including, without limitation, the persons to whom notice of exercising the power of sale must be given and the manner of giving such notice, will be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising any power of sale or other sale remedy; wherever any such requirement may be waived or shortened, such requirement is hereby waived and shortened.

11.6 If MNFC obtains judgment against the Borrower as a result of a Default, the remedies in the Mortgage may continue to be used by MNFC to compel the Borrower to perform the Borrower's Promises and Agreements, and the judgment will not result in the merger of any of the Borrower's Promises and Agreements;

11.7 If MNFC obtains judgment against the Covenantor as a result of a Default, the remedies in the Mortgage may continue to be used by MNFC to compel the Covenantor to perform the Covenantor's Promises and Agreements;

11.8 MNFC will continue to be entitled to receive Interest on the Mortgage Money until all judgments are paid in full;

11.9 If MNFC does not exercise any of MNFC's rights on the happening of a Default or does not ask the Borrower or the Covenantor to cure it, MNFC is not prevented from later compelling the Borrower or the Covenantor to cure that Default or exercising any of those rights in connection with that Default or any later Default of the same or any other kind;

11.10 Any personal property which remains on the Land after;

(a) MNFC takes possession of the Land;

(b) a Receiver takes possession of the Land; or

(c) the Land is sold;

will be deemed to be abandoned. MNFC or a Receiver can remove, store, dispose of, or otherwise deal with such personal property as MNFC or a Receiver chooses, and in so doing MNFC or a Receiver shall not be or be deemed to be a bailee or liable in any way to the Borrower or any other person.

12. RECEIVER

12.1 The Borrower appoints both MNFC and any agent of MNFC as the Borrower's attorney to appoint a Receiver;

12.2 MNFC or MNFC's agent may, if any Default happens, appoint a Receiver and the Receiver;

(a) will be the Borrower's agent and the Borrower will be solely responsible for the Receiver's acts or omissions;

(b) has power, either in the Borrower's name or in the name of MNFC, to demand, recover and receive the Income and start and carry on any action or Court proceeding to collect the Income;

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(c) may give receipts for the Income which the Receiver receives;

(d) may lease or sublease the Land or any part of it on terms and conditions that the Receiver chooses;

(e) may complete the construction of or repair any building or improvement on the Land;

(f) may take possession of all or part of the Land;

(g) may manage the Land and maintain it in good condition;

(h) has the power to perform, in whole or in part, the Borrower's Promises and Agreements;

(i) has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Land or will increase or preserve the value or income potential of the Land;

(j) has the power to sell the Land, and the provisions of section 11.5 with respect to a sale by MNFC will, to the extent applicable, apply to any sale by the Receiver;

12.3 From the Income received the Receiver may do any of the following in any order the Receiver chooses;

(a) retain a commission or fees and disbursements;

(b) pay all costs, including Legal Costs, in connection with the receivership or to collect the Income;

(c) pay all Taxes and the cost of maintaining and preserving the Land, completing the construction of any building or improvement on the Land, supplying goods, utilities and services to the Land and taking steps to preserve the Land from damage by weather, vandalism or any other cause;

(d) pay insurance premiums;

(e) pay any money that might, if not paid, result in a default under any Other Charges or that might result in the sale of the Land if not paid;

(f) pay Taxes in connection with anything the Receiver is entitled to do under the Mortgage;

(g) pay Interest to MNFC that is due and payable;

(h) pay all or part of the Principal Amount to MNFC whether or not it is due and payable;

(i) pay any other money owed by the Borrower under the Mortgage;

12.4 The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do;

12.5 A Receiver may be removed by MNFC and MNFC may appoint another in the Receiver's place;

12.6 The costs, fees, disbursements and borrowings of the Receiver, including interest thereon and Legal Costs, may be paid by MNFC and be added to the Mortgage Money;

12.7 Nothing done by the Receiver under this section will make MNFC a mortgagee in possession.

13. ASSIGNMENT OF RENTS

13.1 MNFC will not exercise its rights in this section unless a Default occurs;

13.2 The Borrower assigns to MNFC all Rental Agreements and all rights and benefits under the Rental Agreements and all the Income;

13.3 MNFC will not be responsible for the collection of the Income or any part of the Income or for the performance of any of the terms or conditions of the Rental Agreements;

13.4 MNFC need only account for whatever money MNFC actually receives by virtue of the Assignment of Rents less whatever costs, including Legal Costs, MNFC may incur, and such money when received by MNFC shall be applied on account of the Mortgage Money;

13.5 The Borrower and MNFC acknowledge that the Assignment of Rents is an additional and collateral security for the Mortgage and not in substitution for or in satisfaction of it, and that the Mortgage will not be merged with the Assignment of Rents, and in case of a Default MNFC may at its option take proceedings under either the Mortgage or the Assignment of Rents or both;

13.6 The Borrower will not accept prepayment of the Income due or becoming due and will only accept payment in due course;

13.7 The Income received by the Borrower will, unless otherwise permitted in writing by MNFC, be held by the Borrower in trust for MNFC and will be paid to MNFC on demand;

13.8 Nothing done by MNFC under this section will make MNFC a mortgagee in possession.

14. ASSIGNMENT OF PROCEEDS

14.1 The Borrower assigns to MNFC all proceeds received or receivable by, or paid or payable to, the Borrower;

(a) pursuant to any claim or action that the Borrower may have against any contractor, subcontractor, architect, supplier, materialman, designer, installer, manufacturer of equipment or any similar parties;

(b) pursuant to any insurance held by any of the immediately preceding parties;

(c) pursuant to any insurance for any public liability or property damage claim the Borrower may have against any parties;

(d) pursuant to any sale or disposition of the Land or the Borrower;

14.2 The Borrower shall hold any of the proceeds set forth above and received by it as trustee for MNFC.

15. SUBDIVISION

15.1 This section applies if the Land is subdivided;

15.2 The Mortgage will charge each subdivided lot as security for payment of all the Mortgage Money;

15.3 MNFC is not required to partially discharge the Mortgage as a charge on any of the subdivided lots, unless all the Mortgage Money is paid;

15.4 Even though MNFC is not required to discharge any subdivided lot from the Mortgage, MNFC may agree to do so in return for payment of all or part of the Mortgage Money. If MNFC discharges a subdivided lot, the Mortgage will continue to charge the subdivided lot or lots that have not been discharged.

16. CONSTRUCTION MORTGAGE

16.1 This section applies if the Mortgage is intended to finance any construction, alteration or addition on or to the Land;

16.2 The Borrower promises and agrees that;

(a) MNFC may make advances of the Principal Amount to the Borrower based on the progress of construction; MNFC will decide whether or not any advances will be made, the amount of the advances, and when they will be made;

(b) MNFC can charge a fee, for each advance made;

(c) MNFC can erect one or two signs of reasonable prominence on the Land, indicating that MNFC has provided the Mortgage Money;

(d) All plans, specifications, materials and workmanship shall be subject to the approval of MNFC;

(e) MNFC may inspect the Land and construction thereon at any time;

(f) MNFC is a lender only and is not involved in any way with construction, and the Borrower indemnifies MNFC from and against any claims which may be made against MNFC arising from or in any way connected with this section;

17. LEASEHOLD MORTGAGE

17.1 This section applies if the Land is or includes a leasehold interest;

17.2 The Borrower promises and agrees that;

(a) the Lease is owned by the Borrower subject only to those charges that are registered against the Land in the Land Title Office at the time the Borrower signs the Mortgage Form;

(b) the Lease is in good standing;

(c) the Borrower has complied with all the Borrower's promises and agreements in the Lease;

(d) the Borrower has paid all rent that is due and payable under the Lease;

(e) the Lease is not in default;

(f) the Borrower has the right to mortgage the Lease to MNFC;

(g) the Borrower will comply with the Lease and not do anything that would cause the Lease to be terminated;

(h) the Borrower will immediately give to MNFC a copy of any notice or request received from the landlord;

(i) the Borrower will immediately notify MNFC if the landlord advises the Borrower of the landlord's intention to terminate the Lease before the term expires;

(j) the Borrower will sign any other document MNFC requires to ensure that any greater interest in the Land that is acquired by the Borrower is charged by the Mortgage;

(k) the Borrower will not, without first obtaining the written consent of MNFC, surrender or terminate or change the terms of the Lease;

(l) the Borrower will renew the Lease or extend the term of the Lease as necessary to protect the interests of MNFC, and the Mortgage will extend to any such renewal or extension;

17.3 MNFC may perform any promises or agreements of the Borrower under the Lease;

17.4 Nothing done by MNFC under this section will make MNFC a mortgagee in possession.

18. STRATA LOT MORTGAGE

18.1 This section applies if the Land is or becomes a strata lot;

18.2 The Borrower will fulfill all of the Borrower's obligations as a Strata Lot owner under all applicable statutes, regulations, bylaws, rules and regulations of the Strata Corporation, and will pay all money owed by the Borrower to the Strata Corporation;

18.3 The Borrower assigns to MNFC the right to vote for the Borrower under the bylaws of the Strata Corporation but MNFC is not required to do so or to attend or vote at any meeting or to protect the Borrower's interest;

18.4 At the request of MNFC, the Borrower will give MNFC copies of all notices, financial statements and other documents given by the Strata Corporation to the Borrower;

18.5 The Borrower appoints MNFC to be the Borrower's agent to inspect or obtain copies of any records or other documents of the Strata Corporation that the Borrower is entitled to inspect or obtain;

18.6 MNFC may pay all money owed by the Borrower to the Strata Corporation, and add that amount to the Mortgage Money;

18.7 Nothing done by MNFC under this section will make MNFC a mortgagee in possession.

19. CURRENT OR RUNNING ACCOUNT MORTGAGE

19.1 This section applies if the Mortgage secures a current or running account;

19.2 MNFC may, on one or more occasions, advance and re-advance all or part of the Principal Amount and the Mortgage;

- (a) will be security for payment of the Principal Amount as advanced and re-advanced and for all other money payable to MNFC under the Mortgage;
- (b) will not be considered to have been redeemed only because;
  - (i) the advances and re-advances made to the Borrower have been repaid; or
  - (ii) the accounts of the Borrower with MNFC cease to be in debit; and
- (c) remains effective security for further advances and re-advances until the Borrower has received a discharge of the Mortgage.

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20. ENVIRONMENTAL MATTERS

20.1 The Borrower promises and agrees that, to the best of the Borrower's knowledge, no condition exists with respect to the storage or discharge into the earth or its atmosphere of effluents, waste or other materials, solid, liquid or gaseous of the Borrower, nor has any waste been disposed of in any way or manner which would cause the Borrower to be liable for fines or penalties under any applicable laws or rules or to incur expenses of any sort to correct any such condition. The Borrower has not received any notice, nor to the best of the Borrower's knowledge is any such notice pending, from any governmental body claiming any material violation of any environmental, zoning, building, health or safety law or ordinance requiring any work, repairs, construction, alterations, noise reduction, clean-up or installation which has not been complied with by the Borrower.

20.2 The Borrower promises and agrees to immediately remediate any environmental contamination or potential contamination of the Land, and to comply with any requirement in this regard of any government.

21. COVENANTOR'S PROMISES AND AGREEMENTS

21.1 As MNFC would not have agreed to lend all or part of the Principal Amount to the Borrower without the Covenantor's Promises and Agreements and in consideration of MNFC advancing all or part of the Principal Amount to the Borrower at the request of the Covenantor, and for other good and valuable consideration, the Covenantor promises and agrees;

(a) to pay all the Mortgage Money when due; and

(b) to keep and perform all the Borrower's Promises and Agreements;

21.2 The Covenantor agrees that, with or without notice, the following shall in no way affect any of the Covenantor's Promises and Agreements or the liability of the Covenantor to MNFC;

(a) a discharge of the Land or any part of the Land from the Mortgage;

(b) any disregard or waiver of a Default;

(c) any modification of the Mortgage, including a renewal of the Mortgage or a change in the Interest Rate;

(d) the giving of extra time to the Borrower to;

(i) do something that the Borrower has agreed to do, including paying any of the Mortgage Money; or

(ii) cure a Default;

(e) any other dealing between the Borrower and MNFC that concerns the Mortgage or the Land;

(f) the bankruptcy, insolvency, dissolution, death or incapacity of the Borrower; or

(g) the sale of the Land;

21.3 The Covenantor agrees to be bound by any modification of the Mortgage, or similar agreement, made between MNFC and the Borrower;

21.4 All the Covenantor's Promises and Agreements shall be binding on the Covenantor until alt the Mortgage Money is fully paid to MNFC;

21.5 The Covenantor promises and agrees that MNFC may, at its sole option, enforce the Covenantor's Promises and Agreements, the Borrower's Promises and Agreements or any other security in the Mortgage in any order or combination MNFC may choose;

21.6 The Covenantor is a primary debtor to the same extent as if the Covenantor has signed the Mortgage as a Borrower and is not merely a guarantor or a surety and the Covenantor's Promises and Agreements are joint and several with the Borrower's Promises and Agreements. This means that the Covenantor and the Borrower are both liable to perform all the Borrower's Promises and Agreements;

21.7 If more than one person signs the Mortgage Form as Covenantor, the promises and agreements of the Covenantor are both joint and several.

22. CORPORATE BORROWER OR COVENANTOR

22.1 The Company will first obtain MNFC's prior written approval of any change in its control or ownership by;

(a) the transfer of any shares or voting rights by its members;

(b) the issuance or allotment of its shares to any person not a shareholder on the date of execution of the Mortgage;

(c) the appointment or election of directors other than those holding office on the date of execution of the Mortgage; or

(d) reorganization or amalgamation;

22.2 The Company promises and agrees that;

(a) it is and shall during the term of the Mortgage be validly existing and in good standing under the laws of the jurisdiction of its incorporation and legally qualified to carry on business in the jurisdiction(s) in which it carries on business and in which the Land is situate;

(b) it has all powers and authorizations necessary to enable it to execute the Mortgage;

(c) it has duly executed and delivered the Mortgage, so that the Mortgage is in full force and effect and constitutes a legal, valid and binding obligation of the Company;

(d) it has all such powers and authorizations necessary to enable it to own and operate or develop the Land or enable it to execute and deliver the Covenant;

(e) there are no outstanding unpaid judgments or claims against the Company and no actions, suits or proceedings pending or threatened against or affecting the Company or the Land which would result in a material adverse change on its financial position or business affairs or its ability to meet its obligations under the Mortgage.

23. GENERAL

23.1 Each Borrower is jointly and severally liable for all of the Borrower's Promises and Agreements as though each such Borrower had been the only Borrower to sign;

23.2 Each Covenantor is jointly and severally liable for all of the Covenantor's Promises and Agreements as though each such Covenantor had been the only Covenantor to sign;

23.3 If any part of the Mortgage is not enforceable all other parts will remain in effect and be enforceable;

23.4 In the Mortgage the singular includes the plural and the masculine includes the feminine and body corporate and vice versa, where the context requires;

23.5 The headings in the Mortgage Terms are inserted for convenience only and in no way affect the meaning or interpretation of the Mortgage;

23.6 Any addition to or modification, amendment, or variation of the Mortgage must be in writing and signed by a representative of MNFC, to be effective;

23.7 The Mortgage shall be interpreted and enforced in accordance with the laws of the Province in which the Land is situate. For all purposes relating to the Mortgage, the Borrower and the Covenantor submit and attorn to the jurisdiction of all Courts in Canada;

23.8 All references to statutes and regulations, in the Mortgage Terms, includes any amendments to or replacements of such statutes and regulations.

23.9 The Borrower and the Covenantor promise and agree to execute such further documents as may be required in the sole discretion of MNFC to give effect to the Mortgage;

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23.10 The Borrower and the Covenantor acknowledge, promise and agree that the Mortgage shall be deemed to be executed by all parties under seal and that the Mortgage is to take effect as a deed.

23.11 The delivery of the Mortgage for registration by direct electronic transfer shall have the same effect for all purposes as if such Mortgage were in written form, signed by the parties thereto and delivered to MNFC. Each of the Borrower and, if applicable, the spouse of the Borrower, and any other party to the Mortgage agrees not to raise in any proceeding by MNFC to enforce the Mortgage any want or lack of authority on the part of the person delivering the Mortgage for registration to do so.

Dated the 3rd day of August, 2006.

MYNEXT FUNDING CORPORATION
By Its Solicitors
Cassels Brock & Blackwell LLP

Per: ______________________
Lanning J. Abramson

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Filing No. 200629 Cote
Filing Date August 14/06 Date de Dépôt
Page 1 of/de 16 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by:
LIBRO CREDIT UNION LIMITED

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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1. DEFINITIONS

(a) General Definitions

The following terms shall have the following meanings irrespective of whether the Charge is an ERS Charge or a Form 2 Charge:

(i) "Charge" - means a Form 2 Charge or ERS Charge in which this set of standard charge terms is deemed to be included pursuant to the Land Registration Reform Act and includes any schedules attached to it, any additional provisions contained in it, any renewals or extensions thereof, amendments thereto, and includes this set of standard charge terms;

(ii) "Charge Rate" - has the meaning given to it in section 4 of these standard charge terms, as applicable;

(iii) "Charged Premises" - means the lands and premises described in the Charge, including all improvements thereto and all fixtures forming a part thereof;

(iv) "Condominium Act" - means the *Condominium Act*, R.S.O. 1990, c.C.26, as amended or replaced from time to time;

(v) "Condominium Corporation" - means the condominium corporation created by the registration pursuant to the Condominium Act of a Declaration in which a portion of the lands described in the Declaration are the Charged Premises;

(vi) "Declaration" - means the declaration which, together with a description, was registered pursuant to the Condominium Act thereby creating the Condominium Corporation, as same may be amended from time to time;

(vii) "Deferred Interest" - means the amount by which the interest that has accrued on the aggregate of the portion of the Principal Amount then outstanding from one payment date under the Charge to the next payment date under the Charge exceeds the Payment Amount (or such other amount agreed to by the Chargor and the Chargee, in writing as the amount to be paid on a payment date) and thus remains unpaid;

(viii) "ERS Charge" - means a charge in an electronic format registered electronically pursuant to the provisions of Part III of the Land Registration Reform Act and the regulations made pursuant thereto;

(ix) "Form 2 Charge" - means a Charge/Mortgage of Land registered using a paper based system of registration pursuant to the provisions of Part I of the Land Registration Reform Act and the regulations made pursuant thereto;

(x) "Land Registration Reform Act" - means the *Land Registration Reform Act*, R.S.O. 1990, c.L.4, as amended or replaced from time to time;

(xi) "Lease" - has the meaning given to it in section 13 of these standard charge terms;

(xii) "Loan to Value Ratio" – means the ratio of the Principal Amount to the lesser of: (i) the purchase price paid by the Chargor to acquire the Charged Premises; or (ii) the value of the Charged Premises on the date the Charge takes effect. The value of the Charged Premises shall be determined by the Chargee in its sole discretion;

(xiii) "Prime Rate" - means the variable rate of interest per year declared by the Chargee from time to time to be its prime rate for Canadian dollar loans made by the Chargee in Canada;

(xiv) "Renting" - means the renting, leasing, entering into of a tenancy agreement with, or allowing occupancy by a Tenant of the whole or any part of the Charged Premises;

(xv) "Reversion" - has the meaning given to it in paragraph 13(b) of these standard charge terms;

(xvi) "Taxes" or "taxes" - means all municipal taxes, school taxes and local improvement rates chargeable against the Charged Premises;

(xvii) "Tenant" - has the meaning set out in Section 1 of the *Tenant Protection Act, 1997*, SO. 1997, c. 24, as amended (the "Tenant Protection Act"); and

(xviii) "Term" or "term" - means the period of time from the Interest Adjustment Date to the agreed upon maturity date of the Charge.

(b) Form 2 Charge Definitions

If the Charge is a Form 2 Charge, the following terms shall have the following meanings:

(i) "Balance Due Date" - means the date indicated in Box 9(i);

(ii) "Box" - means a box contained in the Form 2 Charge in which the names of parties to and the terms of the Form 2 Charge may he indicated;

(iii) "Chargee" - means the party referenced in Box 14;

(iv) "Chargor" - means each and every party referenced in Box 11;

(v) "Covenantor" - has the meaning given to it in section 38 of these standard charge terms. Covenantor shall mean any guarantor to the Charge;

(vi) "First Payment Date" - means the date indicated in Box 9(f) or as agreed to in writing between the Chargor and Chargee;

(vii) "Fixed Rate Mortgage" - has the meaning given to it in section 4(a) of these standard charge terms;

(viii) "Interest Adjustment Date" - means the date indicated in Box 9(d) or as agreed to in writing between the Chargor and Chargee;

(ix) "Last Payment Date" - means the date indicated in Box 9(g) or as agreed to in writing between the Chargor and Chargee;

(x) "Payment Amount" - means the dollar amount of money indicated in Box 9(h) or as agreed to in writing between the Chargor and Chargee;

(xi) "Principal Amount" - means the dollar amount of money indicated in Box 4;

(xii) "Rate" - means the interest rate expressed in words and/or numbers in Box 9(b) or as agreed to in writing between the Chargor and Chargee;

(c) ERS Charge Definitions

If the Charge is an ERS Charge, the following terms shall have the following meanings:

(i) "Balance Due Date" - means the date indicated in the Computer Field entitled "Balance Due Date" or as agreed to in writing between the Chargor and Chargee;

(ii) "Chargee" - means the party indicated in the Computer Field entitled "Chargee(s)";

(iii) "Chargor" - means each and every party indicated in the Computer Field entitled "Chargor(s)";

(iv) "Covenantor" - has the meaning given to it in section 38 of these standard charge terms. Covenantor shall mean any guarantor to the Charge;

(v) "Computer Field" - means a computer data entry field in an ERS Charge into which the names of the parties to and the terms of an ERS Charge may be indicated;

(vi) "First Payment Date" - means the date indicated in the Computer Field entitled "First Payment Date" or as agreed to in writing between the Chargor and Chargee;

(vii) "Fixed Rate Mortgage" - has the meaning given to it in section 4(a) of these standard charge terms;

(viii) "Interest Adjustment Date" - means the date indicated in the Computer Field entitled "Interest Adjustment Date" or as agreed to in writing between the Chargor and Chargee;

(ix) "Last Payment Date" - means the date indicated in the Computer Field entitled "Last Payment Date" or as agreed to in writing between the Chargor and Chargee;

(x) "Payment Amount" - means the dollar amount of money indicated in the Computer Field entitled "Payments" or as agreed to in writing between the Chargor and Chargee;

(xi) "Principal Amount" - means the dollar amount of money indicated in the Computer Field entitled "Principal";

(xii) "Rate" - means the interest rate expressed in words and/or numbers indicated in the Computer Field entitled "Interest Rate" or as agreed to in writing between the Chargor and Chargee;

2. FREEHOLD CHARGE

If the Chargor named in the Charge has a fee simple interest in the Charged Premises the following paragraph applies to the Charge:

The Chargor named in the Charge of which this set of standard charge terms forms a part by reference to its filing number in such Charge charges the Charged Premises with the payment to the Chargee of the principal and interest and other monies secured by the Charge upon the terms as set out in the Charge.

3. COLLATERAL SECURITY

The Chargor has, at the request of the Chargee, agreed to give this Charge as a continuing collateral security for the payment and satisfaction to the Chargee of all obligations, debts and liabilities, past, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed at any time owing by the Chargor to the Chargee or remaining unpaid by the Chargor to the Chargee heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Chargee and the Chargor or from any agreement or dealings with any third party by which the Chargee may be or become in any manner whatsoever a creditor of the Chargor or however otherwise incurred or arising anywhere within or outside Canada and whether the Chargor be bound alone or with another or others and whether as principal or surety and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again (such obligations, debts and liabilities being hereinafter called the "liabilities") but it being agreed that this Charge at any one time will secure only that portion of the Principal Amount of the liabilities outstanding at such time which does not exceed the sum either set forth in Box 4 of a Form 2 Charge or set out in the Computer Field entitled Principal in an ERS Charge, together with any interest or compound interest accrued on the Principal Amount at such time at the Charge Rate, plus such costs and expenses to which the Chargee is entitled pursuant to the Charge. Unless otherwise indicated by the Chargee, the Charge is not a revolving loan.

4. CHARGE RATE

Notwithstanding the fixed rate of interest set forth in the Charge, if the Chargor and the Chargee have agreed in writing that a lower rate of interest is applicable to the Principal Amount, then such lower rate of interest shall apply.

(a) Fixed Rate Mortgage

If the Charge is a Fixed Rate Mortgage, the rate of interest chargeable upon the Principal Amount and all other amounts payable under the Charge shall be: (i) if the Charge is an ERS Charge, the percentage per annum indicated in the Computer Field entitled "Interest Rate"; or (ii) if the Charge is a Form 2 Charge, the percentage per annum indicated in Box 9 (b); or (iii) such rate as agreed to in writing between the Chargor and Chargee (such rate of interest being hereinafter referred to as the "Charge Rate") calculated half-yearly not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid;

(b) Variable Rate Mortgage

If the Charge is a Variable Rate Mortgage, the rate of interest chargeable upon the Principal Amount and all other amounts payable under the Charge shall be the rate specified in the Charge as follows:

(i) if the Charge is an ERS Charge, the Prime Rate per annum, as the same will vary from time to time, as indicated in the Computer Field entitled "Interest Rate" plus or minus the number of percentage points per annum, if any, indicated in the Computer Field entitled "Interest Rate"; or

(ii) if the Charge is a Form 2 Charge, the Prime Rate per annum, as the same will vary from time to time, as indicated in Box 9(b) plus or minus the number of percentage points, per annum, if any, indicated in Box 9(b); or

(iii) the percentage per annum agreed to in writing between the Chargor and the Chargee;

such rate of interest being hereinafter referred to as the "Charge Rate", payable monthly and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

If the Charge is a Variable Rate Mortgage, the Charge Rate will vary automatically, without notice to the Chargor, each time there is a change in the Prime Rate. The Charge Rate will always be the Prime Rate plus or minus the number of percentage points per annum, if any, indicated in the Computer Field entitled "Interest Rate" of an ERS Charge, in Box 9(b) of a Form 2 Charge or as agreed to in writing between the Chargor and Chargee, as applicable, payable monthly and calculated monthly not in advance.

The Charge Rate calculated monthly not in advance is equivalent to the rate of interest calculated half-yearly not in advance shown in the equivalent rate table found in Section 10 of these standard charge terms. The Chargor may determine the equivalent rate by locating the Charge Rate in the column entitled "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)". The half-yearly equivalent for the Maximum Charge Rate can be determined in the same way.

In the event that it may be necessary at any time for the Chargee to prove the Prime Rate applicable as at any time or times, it is agreed that the certificate in writing of the Chargee setting forth the Prime Rate as at any time or times shall be deemed to be conclusive evidence as to the Prime Rate as set forth in the certificate.

5. DEFEASANCE

(a) The provisions relating to defeasance contained in subsection 6(2) of the Land Registration Reform Act shall be and are hereby expressly excluded from the terms of the Charge;

(b) Provided the Charge shall be void upon the Chargor paying on demand to the Chargee all of the liabilities including, without limitation, the Principal Amount with interest thereon at the Charge Rate per annum, calculated and payable monthly or half-yearly, as the case may be, as well after as before maturity, default and judgment, with interest on overdue interest at the Charge Rate as on the Principal Amount and all other amounts payable by the Chargor under the Charge and paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions contained in the Charge.

6. TAXES

It is mutually agreed between the parties to the Charge that:

(a) The Chargee may deduct from any advance of monies to the Chargor an amount sufficient to pay the taxes which have become or will become due and payable at the date of such advance and are unpaid at the date of such advance;

(b) The Chargor shall pay to the Chargee in monthly installments on the dates on which installments of principal and interest are payable under the Charge, sums sufficient to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in installments, on or before the due date for payment of the first installment of taxes;

(c) Where the period between the date of the advance and the end of the calendar year is less that one year, the Chargor shall pay to the Chargee in equal monthly installments, during such period and during the next succeeding 12 month period, an amount estimated by the Chargee to be sufficient to pay, on or before the expiration of the said 12 month period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said 12 month period expires; and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the actual taxes exceed such estimated amount;

(d) Except as provided in the last preceding clause, the Chargor shall, in each and every month, pay to the Chargee one-twelfth of the amount (as estimated by the Chargee) of the taxes next becoming due and payable, and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the said actual taxes exceed such estimated amount;

(e) The Chargee shall allow the Chargor interest on the average monthly balances standing in the Charge account from time to time to the credit of the Chargor for payment of taxes at a rate per annum, and at such times, as the Chargee may determine in its sole discretion; and the Chargor shall be charged interest at the Charge Rate, on the debit balance, if any, in the Charge account outstanding after payment of taxes by the Chargee, until such debit balance is fully repaid.

The Chargee agrees to apply the foregoing deductions and payments to the taxes chargeable against the Charged Premises so long as the Chargor is not in default under any covenant, proviso or agreement contained in the Charge, but nothing contained in the Charge shall obligate the Chargee to apply such payments on account of taxes more often that yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any payment or principal or interest as provided in the Charge, the Chargee may apply such sum or sums in or towards payment of the principal and/or interest in default. The Chargor further covenants and agrees to transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Chargor.

Notwithstanding the provisions set out in this section, the Chargee may elect not to require payment of taxes to it in which case the Chargor will pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require.

The Chargor shall pay to the Chargee, on demand, the amount of any income, corporate, withholding or similar taxes (other than the Chargee's income taxes) (the "Income Taxes") that may be imposed upon or in respect of the Principal Amount from time to time outstanding, together with interest thereon that the Chargee may be called upon to pay, together with interest from the date on which such Income Taxes are paid by the Charge at the rate and compounded in the manner provided in the Charge.

7. COMPOUND INTEREST

It is agreed that if default is made in the payment of any amount to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the amount in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Charge Rate, and in case the interest and compound interest are not paid on the next interest payment date after the date of default, compound interest at the Charge Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Charged Premises and shall be secured by the Charge.

8. OBLIGATION TO MAINTAIN ACCOUNT

The Chargor agrees that, if regular payments of principal and/or interest (and taxes, if applicable) are required to be made by the provisions of the Charge or pursuant to a written agreement between the Chargor and the Chargee, the Chargor shall maintain, with a branch of the Chargee, an account of a type satisfactory to the Chargee, and, unless the Chargor has made alternate arrangements with the Chargee, the Chargee shall be entitled to automatically debit such account, by an amount equal to each payment of principal and/or interest (and taxes, if applicable),when each such payment is due. The Chargor covenants to ensure that such account always has sufficient funds on deposit to satisfy each such payment when due. If the Chargor breaches this covenant, or cancels the said authorization or closes the account (without opening and maintaining a substitute account), then such action or omission shall constitute a default under the Charge.

9. PREPAYMENT

Unless otherwise specified in the Commitment between the Chargor and the Chargee, this Charge shall be closed with no right of prepayment.

10. EQUIVALENT INTEREST RATES

This section sets out a table of equivalent interest rates. The equivalent interest rates are provided for disclosure purposes only and do not affect the calculation of interest under the Variable Rate Mortgage which calculation is set out in paragraph 4(b) of these standard charge terms. The following table sets out interest rates calculated half yearly, not in advance which are equivalent to interest rates calculated monthly not in advance. The Chargor may determine the equivalent rate by locating the rate of interest payable under the Chargor's Variable Rate Mortgage in the column headed "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

EQUIVALENT RATES TABLE

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
1.000	1.002	10.500	10.732
1.125	1.128	10.625	10.863
1.250	1.253	10.750	10.994
1.375	1.379	10.875	11.124
1.500	1.505	11.000	11.255
1.625	1.631	11.125	11.386
1.750	1.756	11.250	11.517
1.875	1.882	11.375	11.648
2.000	2.008	11.500	11.779
2.125	2.134	11.625	11.910
2.250	2.261	11.750	12.041
2.375	2.387	11.875	12.173
2.500	2.513	12.000	12.304
2.625	2.639	12.125	12.435
2.750	2.766	12.250	12.567
2.875	2.892	12.375	12.698
3.000	3.019	12.500	12.830
3.125	3.145	12.625	12.962
3.250	3.272	12.750	13.094
3.375	3.399	12.875	13.225
3.500	3.526	13.000	13.357
3.625	3.652	13.125	13.489
3.750	3.779	13.250	13.621
3.875	3.906	13.375	13.753
4.000	4.033	13.500	13.885
4.125	4.161	13.625	14.018
4.250	4.288	13.750	14.150
4.375	4.415	13.875	14.282
4.500	4.542	14.000	14.415
4.625	4.670	14.125	14.547
4.750	4.797	14.250	14.680
4.875	4.925	14.375	14.812
5.000	5.052	14.500	14.945
5.125	5.180	14.625	15.078
5.250	5.308	14.750	15.211
5.375	5.436	14.875	15.344
5.500	5.563	15.000	15.477
5.625	5.691	15.125	15.610
5.750	5.819	15.250	15.743
5.875	5.947	15.375	15.876
6.000	6.076	15.500	16.009
6.125	6.204	15.625	16.143
6.250	6.332	15.750	16.276
6.375	6.460	15.875	16.409

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6.500	6.589	16.000	16.543
6.625	6.717	16.125	16.677
6.750	6.846	16.250	16.810
6.875	6.974	16.375	16.944
7.000	7.103	16.500	17.078
7.125	7.232	16.625	17.212
7.250	7.360	16.750	17.345
7.375	7.489	16.875	17.480
7.500	7.618	17.000	17.614
7.625	7.747	17.125	17.748
7.750	7.876	17.250	17.882
7.875	8.005	17.375	18.016
8.000	8.135	17.375	18.016
8.125	8.264	17.500	18.151
8.250	8.393	17.625	18.285
8.375	8.522	17.750	18.419
8.500	8.652	17.875	18.554
8.625	8.781	18.000	18.689
8.750	8.911	18.125	18.823
8.875	9.041	18.250	18.958
9.000	9.170	18.375	19.093
9.125	9.300	18.500	19.228
9.250	9.430	18.625	19.363
9.375	9.560	18.750	19.498
9.500	9.690	18.825	19.633
9.625	9.820	19.000	19.768
9.750	9.950	19.125	19.903
9.875	10.080	19.250	20.039
10.000	10.211	19.375	20.174
10.125	10.341	19.500	20.310
10.250	10.471	19.625	20.445
10.375	10.602	19.750	20.581

11. DEEMED COVENANTS EXCLUDED

The covenants deemed to be included in a charge by subsection 7(1) of the Land Registration Reform Act shall be and are hereby expressly excluded from the terms of the Charge.

12. COVENANTS IN LIEU OF STATUTORY COVENANTS

The Chargor does hereby, covenant, promise and agree to and with the Chargee, as follows:

(a) To Maintain Membership in Credit Union

That during the currency of the Charge, the Chargor shall maintain at all times the Chargor's status as a member in good standing of LIBRO CREDIT UNION LIMITED (and its successors and assigns);

(b) To Pay and Observe Covenants

That the Chargor, shall pay or cause to be paid to the Chargee, without deduction or abatement, the Principal Amount, and any other amounts secured by the Charge with interest at the Charge Rate at the times and in the manner limited for payment thereof, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and, without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or has been rendered liable to pay;

(c) For Good Title

If the Charge is a charge of a fee simple estate, that the Chargor, at the time of execution and delivery of the Charge, in the case of a Form 2 Charge, or at the time of delivery for registration, in the case of an ERS Charge, is and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title in fee simple to the Charged Premises free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same;

(d) Right to Charge

That the Chargor has good right, full power and lawful and absolute authority to charge the Charged Premises with their appurtenances unto the Chargee, in the manner set out in the Charge;

(e) Quiet Possession on Default

That from and after default in the payment of the portion of the Principal Amount then outstanding or the interest thereon, or any part thereof or of any other amounts payable under the Charge or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee, peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Charged Premises or lands and premises intended to be charged by the Charge, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor, or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizance and of any other charges or encumbrances whatsoever;

(f) Further Assurances

That from and after default in the payment of the portion of the Principal Amount then outstanding, or the interest thereon, or any part thereof or of any other amounts payable under the Charge or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning thereof, then and in every such case the Chargor and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Charged Premises by, from, under or in trust for the Chargor shall and will, from time to time, and at all times thereafter, make, do, suffer, execute, deliver, authorize and register or cause or procure to be made, done, suffered, executed, delivered, authorized and registered all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying, charging and assuring the Charged Premises unto the Chargee, as by the Chargee or its solicitor shall or may be lawfully and reasonably devised, advised, or required;

(g) Done No Act to Encumber

That the Chargor has not at any time heretofore made, done, committed, executed or willfully or knowingly suffered any act, deed, matter or thing whatsoever whereby the Charged Premises or the lands and premises intended to be charged by the Charge, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate, or otherwise howsoever;

(h) Insurance

(i) That the Chargor will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Charged Premises and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Chargee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Chargee and the Chargor will forthwith assign, transfer and deliver over unto the Chargee the policy of insurance and receipts thereto appertaining; and if the Chargor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obliged to insure the said buildings or any of them, and if the Chargee shall pay any premiums or sums of money for insurance for the Charged Premises or any part thereof the amount of such payment shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and the Chargor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of a copy of the Charge, if the Charge is a Form 2 Charge, or printed copy of the Charge if the Charge is an ERS Charge, shall be sufficient authority for the said insurance company to pay any such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee; and any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the Charge on account of the amounts secured by this Charge or any part thereof whether due or not then due;

(ii) If the Charged Premises are part of a condominium the insurance provisions set out above will not apply and the following will apply to the Charge:

And that the Chargor or the Condominium Corporation or both of them will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee; and the Chargor and the Condominium Corporation will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policy or policies, and receipts or produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies, of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration and by-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

13. LEASEHOLD PROVISIONS

If the interest of the Chargor in the Charged Premises derives from a lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or licence of the Charged Premises (such lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or licence including any renewal, extension, modification, replacement or assignment thereof is hereinafter collectively called the "Lease"), then the following additional provisions apply with respect to such interest:

(a) all references herein to "Charged Premises" shall include all right, title and interest of the Chargor from time to time in and to the Lease and the lands and premises demised under the Lease, including any greater right, title or interest therein or in any part thereof acquired after the date of the Charge;

(b) the Chargor grants, mortgages, demises, sub-leases and charges to the Chargee all estate, term, right, title and interest of the Chargor in and to the Lease and the Charged Premises, together with any and all other, further or additional title, estate, interest or right therein or any part thereof which may at any time be acquired by the Chargor in or to the lands and premises demised by the Lease during the term of the Charge, together with the Lease and all right, title and interest of the Chargor in the Lease and all benefit and advantage therefrom for the Chargee including any right or option to purchase or to lease contained therein, to have and to hold for and during the remainder of the term of the Lease, save and except the last day thereof (the "Reversion"), as security for the payment to the Chargee of the Principal Amount and interest on such amounts and all other amounts secured by the Charge including, without limitation, the liabilities and for the performance of all liabilities and obligations secured by the Charge upon the terms set out in the Charge;

(c) the Chargor represents and warrants to the Chargee as follows:

(i) the Chargor has good leasehold title to the Charged Premises free and clear of any liens, charges and other encumbrances except those specifically approved in writing by the Chargee;

(ii) the Lease is, at the time of execution and delivery of the Charge in the case of a Form 2 Charge, and at the time of delivery for registration in the case of a ERS Charge, a good, valid and subsisting lease and has not been surrendered or forfeited or become void or voidable and the Chargor has not done or failed to do any act as a result of which the Lease would be rendered invalid or its validity impaired;

(iii) there have been no modifications to the Lease that have not been provided to the Chargee;

(iv) the rents, covenants and conditions contained in the Lease have been duly paid, observed and performed by the Chargor up to the date of the Charge;

(v) the Chargor has a good right, full power and lawful and absolute authority to demise and sublet the Lease to the Chargee in the manner aforesaid.

(d) the Chargor covenants and agrees with the Chargee as follows:

(i) the Chargor shall stand possessed of the Reversion in trust for the Chargee to assign and dispose of the Reversion in such manner as the Chargee shall, by notice in writing, direct (subject to the right of redemption in the Charge) and the Chargor hereby irrevocably appoints the Chargee to be the attorney of the Chargor to assign the term of the Lease as the Chargee shall at any time direct;

(ii) the Chargor, at the request of the Chargee but at the cost, charge and expense of the Chargor, will grant and assign to the Chargee, or to whomever the Chargee may appoint, the Reversion or any renewal or substituted term of the Lease;

(iii) the Chargee shall pay the rent reserved by and other amounts due under the Lease and shall observe and perform each and every covenant, agreement, condition and proviso contained in the Lease and shall not be guilty of any acts or default which may cause the Lease to be forfeited or determined and the Chargor shall indemnify the Chargee against all actions, claims and demands whatsoever in respect of the rent and covenants or anything relating thereto;

(iv) the Chargor shall not, during the continuance of the Charge, transfer, assign, sub-lease, surrender or terminate the Lease or any of its rights or interest in the Lease;

(v) the Chargor shall not, during the continuance of the Charge, enter into any agreement purporting to modify, alter or amend the Lease, without the prior written consent of the Chargee;

(vi) the Chargor shall not allow any options (to renew or otherwise) or any rights of first refusal under the Lease to lapse and subject to any contrary directions from the Chargee, shall exercise any such options or rights so as to maintain or continue the term of the Lease for the whole of the period during which any debts or liabilities secured by the Charge remain outstanding;

(vii) any breach or default under the Lease shall be deemed to be a default under the Charge entitling the Chargee to demand repayment of all amounts then secured by the Charge;

(viii) if the Chargor becomes the owner of the freehold of the lands and premises demised by the Lease the Charge shall increase to be a charge of the freehold interest in the lands and premises demised by the Lease to the same extent and effect as if the Chargor had been the owner of the freehold, free from encumbrances, at the date the Charge took effect. To give effect to the foregoing the Chargor does hereby grant and mortgage the freehold interest in the Charged Premises unto the Chargee, such grant to take effect upon the Chargor acquiring freehold title to the said Charged Premises. The Chargor covenants and agrees to execute and deliver, in the case of a Form 2 Charge or, in the case of an ERS Charge, authorize the delivery for registration, at the Chargor's expense, forthwith on demand therefor, such further and other documents as the Chargee may reasonably require for the purpose of validly giving effect to the foregoing;

(ix) the Chargor shall immediately notify the Chargee of any notice or advice from the lessor under the Lease of the lessor's intention to terminate the Lease prior to the expiration of the term of the Lease or any other notice or request received from the lessor.

(e) any reference in the Charge to any charges payable in respect of the Charged Premises shall include all taxes, assessments, rates, costs or charges of whatever kind payable by the Chargor under the Lease and if any amounts are paid by the Chargee in respect of amounts owing under the Lease such amounts shall be a charge against the Charged Premises, shall bear interest at the Charge Rate and shall be secured by the Charge;

(f) in the event of any default in any payment of rent or other monies due under the Lease or in performance or observance of any covenant, agreement, condition or proviso contained in the Lease the Chargee shall, at its option but without incurring any liability to do so, be at liberty to pay such rent or to observe or perform such covenant, agreement, condition or proviso, as the case may be, and all money expended by the Chargee in so doing shall be payable forthwith by the Chargor to the Chargee, shall bear interest at the Charge Rate and shall be a charge on the Charged Premises secured by the Charge;

(g) the Chargor hereby irrevocably appoints the Chargee to be the attorney of the Chargor to enforce any covenants of the tenant under the Lease and to exercise any options to renew the Lease in the Chargee's discretion.

14. EXPROPRIATION

It is agreed between the parties to the Charge that if all of the Charged Premises is expropriated, then the outstanding Principal Amount together with all interest thereon under the Charge shall become immediately due and payable. If only part of the Charged Premises is expropriated, then the amount awarded to the Chargor for the partial expropriation shall be paid to the Chargee and credited to the Principal Amount and any interest then outstanding. If, in the opinion of the Chargee, the remainder of the Charged Premises, after the partial expropriation, does not constitute adequate security for the Principal Amount then outstanding, then the Principal Amount or such part thereof as the Chargee may determine shall immediately become due and payable together with all interest thereon.

15. RELEASE

The Chargor by these presents does release, remise, and forever quits claim unto the Chargee, all right, title, interest, claim and demand whatsoever of, unto and out of the Charged Premises and every part thereof, so that the Chargor shall not or may not at any time hereafter have, claim, pretend to, challenge or demand the Charged Premises or any part thereof in any manner howsoever, subject always to the proviso for defeasance.

16. ENTRY AFTER DEFAULT AND POWER OF SALE

Provided that the Chargee on default by the Chargor of payment of the portion of the Principal Amount then outstanding and interest or any part thereof as required by the Charge or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Chargor provided in the Charge may enter into possession of the Charged Premises or the lands and premises intended to be charged and take the rents, issues and profits and, whether in or out of possession, make such lease or leases as it shall think fit, and also on fifteen days' default as aforesaid and after giving at least thirty-five days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, R.S.O., 1990, c.M.40, as amended (the "Mortgages Act"), may sell the Charged Premises or the lands and premises intended to be charged by the Charge or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser or purchasers thereof, his or their heirs, successors or assigns, or as he or they shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its willful neglect or default. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a person who is 18 years of age or older at the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises, if unoccupied, or at the option of the Chargee, by mailing it by registered mail addressed to the Chargor at the Chargor's last known address, and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. It is hereby further agreed that the proceeds of sale under the Charge may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured by the Charge or otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for any loss occasioned thereby, and, in the case of a sale on credit, the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease under the Charge; and that the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given in compliance with the Mortgages Act, or had been given improperly, but any person harmed by an unauthorized, improper, or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the Charged Premises, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing in this section contained shall prejudice or diminish any other rights and remedies and powers of the Chargee contained in the Charge or existing at law by virtue thereof.

And it is further agreed between the parties to the Charge that until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, conveyances or leases, secondly in payment of all costs, charges, damages and expenses of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may have paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the portion of the Principal Amount then outstanding, fifthly in payment of any subsequent encumbrancers according to their priorities and the residue shall be paid to the Chargor as the Chargor may direct and shall also, in such event, at the request, cost and expense of the Chargor transfer, release and assure unto the Chargor or to such person or persons as the Chargor shall direct and appoint, all such parts of the Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to the Charge that, notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the Charged Premises as fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been contained in the Charge.

17. DISTRESS

It is further agreed by and between the parties to the Charge that the Chargee may distrain for arrears of interest against the Charged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

18. PRINCIPAL DUE ON DEFAULT

It is hereby further expressly declared and agreed, that if any default shall occur in the payment of interest secured by the Charge, or any part thereof, or in payment of any installment of principal as the same matures or of any instrument, promissory note, bill of exchange or other obligations now or at any time held by the Chargee in respect of or representing or securing the liabilities secured by the Charge or any part thereof, or in the performance of any covenant, proviso or agreement contained in the Charge or if any waste be committed or suffered on the Charged Premises then at the option of the Chargee, the portion of the Principal Amount then outstanding secured by the Charge or intended so to be shall forthwith become due and payable in like manner and with the like consequences and effects as if the time mentioned for payment of the Charge had fully come and expired, subject to any relief afforded to the Chargor at law. The Chargee may, however, waive its right to call in the Principal Amount and shall not be therefore debarred from asserting and exercising its right to call in the Principal Amount upon the happening of any future default or breach.

19. CHARGOR'S QUIET POSSESSION UNTIL DEFAULT

It is agreed that until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Chargor peaceably and quietly to have, hold, use, occupy, possess and enjoy the Charged Premises, and receive and take the rents and profits thereof to the Chargor's own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall or may lawfully claim by, from, under or in trust for the Chargee.

20. BUILDINGS, ADVANCES AND COST OF SEARCH

It is the intention of the parties that the building or buildings erected or to be erected on the Charged Premises form part of the security for the full amount secured by the Charge; and that all advances are to be made in such manner at such times and in such amounts up to the Principal Amount as the Chargee in its sole discretion may determine and subject always to the provision to which the Chargor hereby agrees that notwithstanding the execution or registration of the Charge, in the case of a Form 2 Charge, or delivery for registration in the case of an ERS Charge, or the advancement of any part of the Principal Amount, the Chargee is not bound to advance the full Principal Amount or any unadvanced portion thereof and the advance of the full Principal Amount or any part thereof from time to time shall be in the sole discretion of the Chargee, but nevertheless the Charge shall, in the case of a Form 2 Charge, take effect forthwith upon the execution of the Charge by the Chargor or, in the case of an ERS Charge, upon the delivery for registration of the Charge, and the expenses of the examination of the title and of the Charge and valuation are to be secured by the Charge in the event of the whole or any balance of the Principal Amount not being advanced, the same to be charged by the Charge upon the Charged Premises and shall be without demand thereof, payable forthwith with interest at the Charge Rate and in default the said Chargee's power of sale given by the Charge, and all other remedies under the Charge or at law shall be exercisable.

21. FIXTURES

It is mutually covenanted and agreed by and between the Chargor and the Chargee that all erections and improvements fixed or otherwise now on or after the date of the Charge put upon the Charged Premises, including but without limiting the generality of the foregoing, all fences, heating, piping, plumbing, aerials, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Charged Premises and shall be a portion of the security for the amounts secured by the Charge.

22. PARTIAL RELEASE

Provided that the Chargee may at all times release any part or parts of the Charged Premises or any other security or any surety for payment of all or any part of the amounts secured by the Charge or may release the Chargor or any other person from any covenant or other liability to pay the said amounts or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any amounts except those actually received by the Chargee and without thereby releasing any other part of the Charged Premises, or any other securities or covenants contained in the Charge, it being especially agreed that notwithstanding any such release the Charged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the amounts secured by the Charge.

23. DEFAULT IN PRIOR CHARGES

It is agreed by and between the Chargor and the Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge, lien or encumbrance to which the Charge is subject or subordinate, then and in that event the amounts secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as herein provided.

24. DEFAULT IN COLLATERAL AGREEMENTS

It is agreed by and between the Chargor and the Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in or arising from any agreement, instrument, certificate or otherwise or dealings between the Chargee and the Chargor, then and in that event, the amounts secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as herein provided.

25. LIENS AND CONSTRUCTION

Provided also that upon the registration of any lien against the Charged Premises, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the portion of the Principal Amount then outstanding and interest and all other amounts secured by the Charge shall, at the option of the Chargee, forthwith become due and payable. In the event that a construction lien is registered against title to the Charged Premises the Chargee shall have the right, but not the obligation, to pay such amounts as may be required to remove such lien from title to the Charged Premises. Any amounts so paid by the Chargee, together with all costs, charges, and expenses incurred by the Chargee in connection therewith, including all solicitor's charges, as between a solicitor and his or her client, shall be added to the principal amount secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

26. WASTE, VACANCY, REPAIR AND BUILDING COMPLETION

The Chargor covenants and agrees with the Chargee that the Chargor will not permit waste to be committed or suffered on the Charged Premises and that the Chargor will maintain the buildings or other improvements on the Charged Premises in good order and repair to the satisfaction of the Chargee and will not permit or suffer them to become or remain vacant and the Chargee may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Charged Premises, and the cost of repair, construction or reconstruction shall be added to the amount secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

27. INSPECTION

The Chargee through itself or its agent or employees may, at any time, enter upon the Charged Premises to inspect the Charged Premises and the reasonable cost of such inspection shall be added to the Principal Amount secured by the Charge and shall bear interest at the Charge Rate, and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

28. ALTERATIONS

The Chargor covenants and agrees with the Chargee that the Chargor will not make or permit to be made any alterations or additions to the Charged Premises without the prior written consent of the Chargee.

29. NON-MERGER

Provided and it is agreed, that the taking of a judgment or judgments on any of the covenants contained in the Charge shall not operate as a merger of the said covenant nor affect the Chargee's right to interest at the rate and times provided in the Charge; and further that said judgment shall provide that interest thereon shall be computed at the Charge Rate and in the same manner as provided in the Charge until the said judgment shall have been fully paid and satisfied.

30. RIGHTS ON DEFAULT

The Chargor covenants and agrees with the Chargee that in the event of default in the payment of any installment of principal, interest or taxes secured by the Charge or any other amounts payable under the Charge by the Chargor or on breach of any covenant, proviso or agreement in the Charge after all or any part of the amounts secured by the Charge have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the Charged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Charged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Charged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes shall be forthwith payable to the Chargee, and shall be a charge upon the Charged Premises and shall bear interest at the Charge Rate until paid.

31. OBLIGATIONS SURVIVE SALE

Provided that no sale or other dealing by the Chargor with the Charged Premises or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the amounts secured by the Charge.

32. DUE ON SALE

Provided that in the event of

(a) the Chargor selling, conveying, transferring, or entering into any agreement of sale or transfer of the title of the Charged Premises to a purchaser, grantee or transferee not approved in writing by the Chargee; or

(b) if such a purchaser, grantee or transferee should fail to (a) apply for and receive the Chargee's written approval as aforesaid, (b) personally assume all the obligations of the Chargor under the Charge, and (c) execute an assumption agreement in the form required by the Chargee;

then, at the option of the Chargee, all amounts secured by the Charge with accrued interest thereon shall forthwith become due and payable.

33. PORTABILITY

Unless otherwise specified in the Commitment between the Chargor and Chargee, this Charge shall have no portability option.

34. PRIOR ENCUMBRANCES

It is further stipulated, provided and agreed, that the Chargee may pay the amount of any encumbrance, lien or charge now or after the date of the Charge existing, or to arise or to be claimed upon the Charged Premises having priority over the Charge, including any taxes, utility charges or other rates on the Charged Premises or any of them, any construction lien or any amounts payable to the Condominium Corporation, and may pay all costs, charges and expenses and all solicitors' charges or commissions, as between a solicitor and its client, which may be incurred in taking, recovering and keeping possession of the Charged Premises and generally in any proceedings or steps of any nature whatever properly taken in connection with the Charge or to realize the security of the Charge, or to defend the validity or priority of the Charge as against a third party, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor under the Charge whether any action or any judicial proceedings to enforce such payments has been taken or not, and the amount so paid and insurance premiums for fire or other risks or hazards and any other amounts paid by the Chargee shall be added to the amount secured by the Charge and be a charge on the Charged Premises and shall bear interest at the Charge Rate, and shall be payable forthwith by the Chargor to the Chargee, and the non-payment of such amount shall be a default of payment within the meaning of those words in Section 16 and shall entitle the Chargee to exercise the power of sale and all other remedies given under the Charge. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the amounts advanced on the security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation, or government so paid off, and is authorized to retain any discharge thereof, without registration, for any period it thinks proper to do so.

35. SUBSEQUENT ENCUMBRANCES

The Chargor covenants and agrees with the Chargee that, for the duration of the Charge, the Chargor shall not make or permit to be made any registration on title to the Charged Premises subsequent to the Charge that could reasonably be considered to constitute an encumbrance, lien, mortgage, charge or security interest, without the prior written consent of the Chargee.

36. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the Chargee incurs any cost or expense of any nature or kind in any way arising from or relating to the *Ontario New Homes Warranties Plan Act*, R.S.O. 1990, c.0.31, as amended (the "ONHWPA"), including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under the ONHWPA or enrolling the Charged Premises or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the amounts secured by the Charge and be a charge on the Charged Premises in priority to all other encumbrances registered or arising subsequent to the Charge and shall bear interest at the Charge Rate and shall be payable forthwith by the Chargor to the Chargee.

37. PROHIBITION AGAINST RENTAL

If the Charged Premises are or are intended to be used as residential premises then the following provisions shall apply:

(a) the Chargor represents, warrants, covenants and agrees that no part of the Charged Premises are rented or occupied by a Tenant and further covenants and agrees not to permit the Renting of the Charged Premises without first obtaining the consent in writing of the Chargee which consent may be refused at the sole discretion of the Chargee; further the Chargor covenants and agrees not to enter into any negotiations with respect to Renting without the consent in writing of the Chargee, which consent may be refused, restricted or made conditional at the sole discretion of the Chargee; if a restricted or conditional consent to Renting or negotiations relating to Renting is given, the Chargor covenants and agrees to abide by such restrictions or conditions;

(b) the Renting of the whole or any part of the Charged Premises without the written consent of the Chargee shall be deemed to have been done with the object of discouraging the Chargee from taking possession of the Charged Premises on default or adversely affecting the value of the Chargee's interest in the Charged Premises within the meaning of Section 52(1) of the Mortgages Act;

(c) in the event that any of the covenants contained in this section shall be breached then, at the option of the Chargee, all monies secured by the Charge with accrued interest thereon shall forthwith become due and payable;

(d) if the whole or any part of the Charged Premises are rented to a Tenant with or without the consent of the Chargee, at such time as the Chargee is entitled to enforce its rights under the Charge by reason of default of the Chargor, the Chargee may, at its discretion, pay to any Tenant a sum of money, in such amount as it considers advisable, as consideration for obtaining the cooperation of such Tenant in selling the Charged Premises, showing the Charged Premises and obtaining possession from the Tenant or for any one or more of the above. It is recognized that the payment of such amount will be a cost of realization on the Charge and the amount so paid shall be added to the amount secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the Charge Rate and shall have priority over all encumbrances subsequent to the Charge and shall be payable forthwith by the Chargor to the Chargee; the Chargor appoints the Chargee to be its true and lawful attorney and agent to enforce all the terms of any tenancy agreement entered into by the Chargor with respect to all or any part of the Charged Premises and to cancel or terminate any such tenancy agreement and in this connection to make, sign and execute any and all documents in the name of the Chargor which it, as Chargee, may consider desirable;

(e) in this section, "Tenant" shall have the meaning set out in Section 1 of the Tenant Protection Act, S.O., 1997, ch.24, as may be amended from time to time.

38. COVENANTOR OR GUARANTOR

If a party is named as a covenantor or guarantor in the Charge or a schedule thereto (the "Covenantor"), the Chargor and the Covenantor acknowledge that it is a condition of the making of advances under the Charge that the covenant contained in this section 38 be entered into by the Covenantor. The Covenantor further acknowledges that the consideration for the guarantee contained in this Section 38 is the making of advances under the Charge.

The Covenantor on behalf of himself, his executors, administrators, successors and assigns, in consideration of the advance in whole or in part of the Principal Amount does hereby covenant, promise and agree as principal debtor and not as surety to and with the Chargee that the Covenantor will well and truly pay, or cause to be paid unto the Chargee the Principal Amount and all other amounts secured by the Charge, together with interest upon the same, at the days and times, and in the manner agreed to in the Charge or any amendments, renewals, variations or extensions thereof and shall and will in everything, well and truly do, observe, fulfill and keep any and all covenants, provisos, conditions, agreements and stipulations in the Charge according to the true intent and meaning thereof, and shall and will abide by and submit to and do hereby agree to all conditions, provisos and stipulations in the Charge on the part of the Chargor, and these covenants shall be binding notwithstanding the giving of time for payment of the Charge or the varying of terms of payment thereof or the rate of interest thereon, and if there are more than one Covenantor shall bind them jointly as well as severally and shall continue to subsist notwithstanding the death of one or more of such Covenantor.

Each Covenantor further covenants and agrees that without giving notice to or obtaining the consent or concurrence of any guarantor, the Chargee may:

(a) grant any time, indulgences, waivers or extensions of time for payment or performance of any of the obligations under the Charge;

(b) grant any renewals or extensions of the Charge, with or without a change in the rate of interest or in any other terms or conditions of the Charge and whether by express agreement signed by the Chargor or otherwise (including, without limitation, by way of an automatic renewal or extension);

(c) change Charge Rate, whether during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such Charge Rate is calculated or determined, change from a Fixed Rate Mortgage to a Variable Rate Mortgage or from a Variable Rate Mortgage to a Fixed Rate Mortgage, or otherwise;

(d) shorten or lengthen the amortization period of the Charge;

(e) otherwise amend, supplement, modify, vary or otherwise change any of the terms or conditions of the Charge in any manner whatever;

(f) release or discharge from the mortgage or charge constituted by the Charge the whole or any part of the Charged Premises;

(g) advance additional Principal Amounts to the Chargor pursuant to any provision of the Charge that permits the Chargor to borrow such additional Principal Amounts from the Chargee;

(h) permit the Chargor to prepay the Principal Amount in whole or in part or to skip one or more schedules instalments of principal and interest or to pay more than one such schedules instalment on a scheduled payment date under the Charge, whether pursuant to a provision of the Charge that permits such prepayment, skipping or multiple payments or otherwise;

(i) accept compositions, compromises or proposals from the Chargor or otherwise deal with the Chargor or any other person, any security (including, without limitation, the Charge) or the Charged Premises or any security as the Chargee sees fit including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Charge;

(j) release or discharge any Covenantor or one or more other co-covenantors or guarantors or Chargors in respect of the Charge; or

(k) release any subsequent legal or beneficial owner of the Charged Premises from any liability for the obligations under the Charge or refrain from requiring any such owner to assume any such liability,

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Covenantor hereunder, regardless of whether any such action has the effect of amending or varying this Charge or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the liabilities and obligations thereunder. The liability of each Covenantor hereunder shall extend to and include the liabilities and obligations of the Chargor under the Charge, as so amended, renewed, extended or varied and the Charge as so increased, expanded or altered without further action on the part of the Chargee or the consent or concurrence of any Covenantor; and for greater certainty and without limiting the foregoing, if the Charge Rate is increased or otherwise altered, the liability of each Covenantor hereunder shall be extended to and include the obligation of the Chargor to pay interest at such increased or altered Charge Rate.

39. EXTENSIONS

No extension of time given by the Chargee to the Chargor, or anyone claiming under the Chargor or any other dealing with the owner of the Charged Premises, shall in any way affect or prejudice the rights of the Chargee against the Chargor, the Covenantor or any other person liable for the payment of the monies secured by the Charge.

40. BONUS ON DEFAULT

On default of payment of any of the amounts secured by the Charge or payable under the Charge, the Chargee shall be entitled to require payment, in addition to all other amounts secured by the Charge or payable under the Charge, of a bonus equal to three months' interest in advance at the Charge Rate upon the principal amount secured by the Charge at such time, and the Chargor shall not be entitled to require a discharge of the Charge without such payment or notice in lieu thereof as required by law.

41. DISCHARGE

The Chargee shall have a reasonable time after payment in full of the amounts secured by the Charge within which to prepare, execute and deliver in the case of a Form 2 Charge or prepare and deliver for registration in the case of an ERS Charge, as the case may be, a discharge or, if requested, and if required by law to do so, an assignment of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee and all legal and other expenses for the preparation, execution and registration, as applicable of such discharge and assignment shall be borne by the Chargor.

42. OTHER SECURITY

The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured under the Charge, and it is understood and agreed that the Chargee may pursue its remedies thereunder or under the Charge concurrently or successively at its option. Any judgment or recovery under the Charge or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon the Charge or any other such security.

43. PLACE OF PAYMENT

Provided that all such payments secured by the Charge shall be made at the branch of the Chargee designated in the Charge, or at such other place as the Chargee may designate in writing to the Chargor, in lawful money of Canada.

44. SPOUSE'S CONSENT

The spouse of the Chargor so named in the Charge hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee under the Charge, and agrees that the Chargee may, without further notice, deal with the Charged Premises and the debt created by the Charge as the Chargee may see fit.

45. FAMILY LAW ACT

The Chargor covenants and agrees that

(a) the Chargor or the owner from time to time of the Charged Premises will advise and keep advised the Chargee as to whether the Chargor or the owner from time to time is a spouse as defined in the *Family Law Act*, R.S.O. 1990, c. F.3, as amended (the "Family Law Act"), and if so, the name of the Chargor's spouse, and of any change in the Chargor's spousal status or in the status of the Charged Premises as a matrimonial home within the meaning of the Family Law Act; and

(b) forthwith on request the Chargor will furnish the Chargee with such evidence in connection with any of the matters referred to in paragraph 45(a) as the Chargee may from time to time require, including, without limitation, the Chargor's and the Chargor's spouse's name, address and birth date and the Chargor's and the Chargor's spouse's authorization to the Registrar under the *Vital Statistics Act*, R.S.O. 1990, c.V.4, as amended, to provide the Chargee from time to time on request all information in the Chargor's possession relative to any marriage, divorce or death of the Chargor or the Chargor's spouse,

and on default, then all amounts secured by the Charge, together with accrued interest thereon shall, at the option of the Chargee, forthwith become due and payable.

46. SEVERABILITY OF ANY INVALID PROVISIONS

It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statute, regulation thereunder or other applicable law or would by reason of the provisions of any such statute, regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the loan secured by the Charge which it would otherwise be able to collect under such statute, regulation or other applicable law then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

47. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Chargee under the Charge shall prejudice such rights or any other rights of the Chargee; no performance or payment by the Chargee in respect of any breach or default under the Charge of the Chargor shall relieve the Chargor from any default under the Charge; and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

48. FARMLANDS

If the Charged Premises are farm lands, the Chargor will in each year during the term either put into crop or summer fallow in good, proper and husbandlike manner every portion of the Charged Premises which has been or may after the date of the Charge be brought under cultivation, and will keep the Charged Premises clean and free from all noxious weeds and generally see that the Charged Premises do not depreciate in any way.

49. CHANGE OF CORPORATE CONTROL

Where the Chargor is a corporation the Chargor covenants and agrees that in the event that:

(a) the Chargor fails to supply to Chargee, in a form satisfactory to the Chargee, such information relating to the ownership of its shares as the Chargee may from time to time require; or

(b) without the written consent of the Chargee first had and obtained:

  (i) the Chargor issues or redeems any of its shares or transfers any of its shares;

  (ii) there is a sale or sales of the shares of the Chargor which result in the transfer of the legal or beneficial interest of any of the shares of the Chargor; or

  (iii) the Chargor amalgamates, merges or consolidates with any other corporation,

and the result of any of the foregoing is a change in the effective control of the majority of the voting shares of the Chargor, then all monies secured by the Charge together with accrued interest thereon shall forthwith become due and payable at the option of the Chargee and the Chargee's powers of sale given by the Charge and all other remedies for enforcement shall be exercisable.

50. COMPLIANCE WITH THE LAW AND ENVIRONMENTAL COMPLIANCE

The Chargor hereby represents and warrants to the Chargee that:

(a) there is not in, on or about the Charged Premises any product or substance or condition (including, without restriction, contaminants, wastes, moulds or hazardous or toxic materials), equipment or anything else which contravenes any statute, regulation, by-law, order, direction or equivalent relating to the protection of the environment or which is not being dealt with according to best recognized practices relating to the environment;

(b) to the best of the knowledge of the Chargor, no circumstance has existed on the Charged Premises or exists or has existed on any land adjacent to the Charged Premises which constitutes or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment;

(c) no claim or notice of any action, investigation or proceeding of any kind has been threatened, made or issued or is pending relating to an environmental condition on the Charged Premises; and

(d) the Charged Premises are being used in compliance with all statutes, regulations, orders, by-laws, directions and equivalent relating to the protection of the environment.

The Charger hereby covenants and agrees with the Chargee as follows:

(e) the Chargor shall give to the Chargee immediate notice of any material change in circumstances in respect of the Charged Premises or adjacent land which would cause any of the representations and warranties contained in the immediately preceding paragraphs (a) to (d) inclusive to become untrue; and

(d) the Chargor shall not permit or create, and shall not allow anyone else to permit or create, any circumstance on the Charged Premises which would constitute or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment.

The Chargor further covenants and agree with the Chargee at all times promptly to observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders, regulations and equivalent of every government authority and agency whether federal, provincial, municipal or otherwise, including, without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Charged Premises or any portion thereof and the Chargor will from time to time, upon request of the Chargee, provide to the Chargee evidence of such observance and compliance, and pay immediately when due the cost of removal of such contaminants, wastes and materials, and shall at its own expense make any and all improvements thereon or alterations to the Charged Premises structural or otherwise and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order, regulation, covenant or equivalent; and the Chargor shall cause its tenants, agents and invitees to comply with all of the foregoing at their own expense.

51. CONDOMINIUMS

If the Charge is of a unit within a plan of condominium the following provisions shall apply:

(a) the Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration, the by-laws and the rules, as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the Charged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge;

(b) without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses required of the Chargor as the owner of the Charged Premises and in the event of the Chargor's default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the same rate from the time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby;

(c) the Chargor by the Charge irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the Charged Premises to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

  (i) the Chargee may at any time or from time to time give notice in writing to the Chargor and the said Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;

(ii) the Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor;

(iii) the exercise of the right to vote or consent shall not constitute the Chargee a chargee in possession.

52. RENEWAL OR EXTENSION

Provided that the Charge may be renewed or extended by an agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrancers, and it shall not be necessary to register any such agreement in order to retain priority for the Charge so altered over any instrument registered subsequently to the Charge. Provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Chargor. The Chargor and the Covenantor, if applicable, agree that in the event that the renewal agreement provided to the Chargor is not signed and returned to the Chargee on or before the maturity date, the Charge, at the Chargee's option, will be automatically renewed on the terms set out in the renewal agreement.

53. RECEIVERSHIP

Notwithstanding anything contained in the Charge, it is declared and agreed that any time and from time to time when there shall be default under the provisions of the Charge, the Chargee may, at such time and from time to time and with or without entry into possession of the Charged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term as used herein includes a receiver manager and also includes the plural as well as the singular) of the Charged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another instead of such receiver, and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

(a) every such receiver shall have unlimited access to the Charged Premises as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority (which power and authority shall not be revocable by the Chargor) to:

(i) collect the rents and profits from tenancies whether created before or after the Charge;

(ii) rent any portion of the Charged Premises which may be or become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(iii) complete the construction of any building or buildings or other erections or improvements on the Charged Premises left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and

(iv) manage, operate, repair, alter or extend the Charged Premises or any part thereof.

The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Charged Premises.

(b) the Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee;

(c) the Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Charged Premises;

(d) every such receiver shall be deemed to be the agent or attorney of the Chargor and, in no event, the agent of the Chargee and the Chargee shall not be responsible for the receiver's acts or omissions;

(e) the appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a chargee in possession of the Charged Premises;

(f) no such receiver shall be liable to the Chargor to account for monies other than monies actually received by the receiver in respect of the Charged Premises, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) the receiver's remuneration aforesaid;

(ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Charged Premises in priority to the Charge, including taxes;

(iv) to the Chargee all interest, principal and other monies due under the Charge to be paid in such order as the Chargee in its discretion shall determine;

(v) and thereafter, every such receiver shall be accountable to the Chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Charged Premises and shall bear interest from the date of demand at the Charge Rate.

(g) save as to claims for accounting under clause (f) of this paragraph, the Chargor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Chargor or any person claiming through or under the Chargor by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud;

(h) the Chargee may, at any time and from time to time, terminate any such receivership by notice in writing to the Chargor and to any such receiver;

(i) the statutory declaration of an officer of the Chargee as to default under the provisions of this Charge and as to the due appointment of the receiver pursuant to these terms shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers in the Charge provided for and such dealing shall be deemed, as regards such person, to be valid and effectual;

(j) the rights and powers conferred in and by the Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

54. CHARGEE EXPENSES

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to the Charge, and to any and all other documents required in connection therewith, and of any amendment, extension, variation or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any amount payable under the Charge including, without limiting the generality of the foregoing, all solicitors' fees on a solicitor and client basis, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Chargee thereon and all costs and expenses valuing the Charged Premises in connection with the foregoing and of anything done in connection with defending the validity or priority of the Charge as against third parties. The Chargor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Charge Rate and shall be a charge on the Charged Premises.

55. FURTHER ASSURANCES

The Chargor shall at any time and from time to time make, execute and deliver or cause to be made, executed and delivered to the Chargee, such further and other reasonable acts, deeds, conveyances and assurances as may be required by the Chargee to fully and effectually carry out the true intention and meaning of the Charge and the provisions included in the Charge, and the reasonable costs thereof shall be for the account of the Chargor. Further, the Chargor shall at any time and from time to time provide to the Chargee, upon request, and in a form acceptable to the Chargee, such further information and documentation as the Chargee may require regarding the Chargor's business and/or financial status.

56. INTERPRETATION

It is hereby agreed and declared that the expression "the Chargor" used in the Charge shall include the heirs, personal representatives, executors, administrators, successors and assigns of the Chargor and the expression "the Chargee" shall include the successors and assigns of the Chargee and the words in the singular include the plural and words in the plural include the singular and words importing the masculine gender include the feminine and neuter genders where the context so requires and that all covenants, liabilities, and obligations entered into or imposed under the Charge upon each Chargor shall be equally binding upon his, her, its or their respective heirs, executors, personal representatives, administrators, successors and assigns and that all such covenants, liabilities, advantages, privileges, immunities, powers and things secured to the Chargee shall be equally secured to and exercisable by its successors and assigns; and if the Chargor is comprised of more than one person, all covenants by the Chargor contained in the Charge or implied are and are to be construed as both joint and several.

57. CONFLICT

In the event of any conflict or inconsistency between the terms and provisions of these standard charge terms and the terms and provisions of the registered Charge or any commitment letter issued by the Chargee and accepted by the Chargor (the "Commitment"), the terms and provisions of the registered Charge and Commitment shall prevail.

58. ASSIGNMENT AND SYNDICATION/INFORMATION

The Chargee shall, at any and all times and from time to time, have the right to assign all or any part of its right, title and interest in and to the Charge to a third party or parties (individually and collectively, the "Assignee") without the necessity of obtaining the consent of or providing notice to the Chargor or any Covenantor. The Chargor and any Covenantor hereby acknowledge that the Chargee has the unfettered right to syndicate the Chargor's loan to the Assignee and also acknowledge and consent to the Chargee sharing with the Assignee such information concerning the Chargor's and Covenantor's financial position and other personal information as the Chargee may possess in its files.

THE CHARGEE AND ANY COVENANTOR CONSENT TO (i) THE COLLECTION AND USE BY THE CHARGEE OF THE PERSONAL INFORMATION PROVIDED BY THE CHARGEE AND COVENANTOR, OR OTHERWISE, RELATING TO OR IN CONNECTION WITH THIS CHARGE; (ii) ANY DISCLOSURE OF SUCH INFORMATION TO ANY THIRD PARTY IN CONNECTION WITH THE ASSIGNMENT OF THIS CHARGE; AND (iii) ANY FURTHER SUBSEQUENT COLLECTION, USE OR DISCLOSURE OF SUCH INFORMATION BY SUCH THIRD PARTY AND ANY OF ITS AGENTS OR ASSIGNEES FOR THE PURPOSE OF ADMINISTERING OR OTHERWISE DEALING WITH THIS CHARGE.

59. PARAGRAPH HEADINGS

The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

60. DATE OF CHARGE

The Charge shall be deemed to be dated, if the Charge is an ERS Charge, as of the date of delivery for registration of the ERS Charge and, if the Charge is a Form 2 Charge, as of the date of signature of the first named Chargor unless, in either case, as otherwise specifically provided.

61. EFFECT OF DELIVERY OF ERS CHARGE

The delivery of an ERS Charge for registration by direct electronic transfer shall have the same effect for all purposes as if the ERS Charge was in a written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor, and any other party to the Charge agrees not to raise in any proceedings by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the ERS Charge for registration to do so.

Dated the 31st day of July, 2006.

LIBRO CREDIT UNION LIMITED, by their solicitor
Harrison Pensa LLP
Per: ______________________
L. Michele Mannering

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200630 Cote
Filing Date Sept. 6th 2006 Date de Dépôt
Page 1 of/de 23 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

Filing No.

filed by – GE MONEY Holding Company

STANDARD CHARGE TERMS

The following set of STANDARD CHARGE TERMS shall be deemed to be included in every Charge in which the set is referred to by its filing number, as provided in section 9 of the above Act.

GE MONEY Holding Company

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200630 Cote

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PARTIES AND TERMS

1. **Parties to the Standard Charge Terms and What Certain Terms Mean.**

In this set of Standard Charge Terms, you, as the **Chargor**, agree with us, as the **Chargee**, to these terms, representations and conditions for the charge of your Property.

Charge means the Charge/Mortgage of Land or the charge prepared and registered in electronic format in which this set of Standard Charge Terms is referred to by its filing number including any schedules and addenda thereto, this set of Standard Charge Terms and any confirming or amending or renewal agreements executed in writing by the parties to the Charge, whether registered or not.

Phrases in the Charge beginning with capitals such as **Property, Guarantor, Principal Amount, Interest Adjustment Date, Balance Due Date, Initial Loan** and **Interest Rate** refer to the applicable information set forth beside those phrases in the Charge/Mortgage of Land or the charge prepared and registered in electronic format in which this set of Standard Charge Terms is referred to and any amendment of the applicable information on renewal or otherwise from time to time.

If the Charge is a Canada Mortgage & Housing Corporation ("CMHC") insured mortgage, it is made pursuant to the *National Housing Act*.

CHARGE OF THE PROPERTY

2. **Charge of Your Property.**

You mortgage and charge the Property to us as security for payment of all monies owing by you pursuant to the Charge, including the Principal Amount, interest and all fees and costs and all other indebtedness and liabilities from time to time owing by you to us.

3. **Debts Secured by the Charge.**

You agree that the Charge secures the Initial Loan set out in the Charge and any other loans that you may obtain from us or from any company affiliated or related to us and all liabilities you may incur (alone or with another person) to us or any company affiliated or related to us but not exceeding at any time the Principal Amount together with interest thereon and fees and expenses (if any) incurred.

No payment, no revolving or fluctuation of any of your indebtedness or liability secured by the Charge, no change in the form of any of your indebtedness or liability or acceptance or renewal or substitution of any note, instrument or other document evidencing or regarding any of your indebtedness or liabilities secured by the Charge will constitute a reduction or discharge in whole or in part of the security of this Charge and the Charge will not cease to operate and will not be extinguished except as provided in paragraph 6 below.

4. **No Obligation to Advance or Readvance.**

The preparation, execution or registration of the Charge or the advance of any monies does not, however, bind us to advance or readvance all or any part of the Principal Amount, nor to grant you any other loan or to permit you to incur any other debt or liability to us, but nevertheless the security on the Property will take effect immediately on execution of the Charge by you.

5. **Leasehold Charge.**

If the Property is a leasehold, the Charge subleases the Property to us for the balance of the term of the lease on which you hold the Property except the last day of such term and charges all other interest in the Property and the lease including any renewal, purchase and other rights. You stand possessed of the last day of the term in trust for us and grant us the power to assign and dispose of the last day of the term.

6. Discharge.

After you pay us the Principal Amount then outstanding, interest and all the other amounts secured by the Charge and you notify us in writing that such payment is in final and permanent pay out of all your obligations under the Charge, we will sign a discharge. Unless otherwise directed, your solicitor must prepare the discharge for our approval and our signing. You will give us a reasonable time after payment in which to issue the discharge. If electronic registration is available for the Property, we may register the discharge on your behalf and provide you or your lawyer with confirmation of registration.

CALCULATION OF INTEREST FOR THIS MORTGAGE

7. Fixed Interest Rate.

Where the Interest Rate specified in the Charge or in any renewal or amendment or in any loan approval or agreement for an additional or other loan is a fixed interest rate, the Interest Rate payable by you is calculated semi-annually not in advance with the first semi-annual calculation of interest starting from the Interest Adjustment Date.

8. Adjustable or Variable Interest Rate.

Where the Interest Rate specified in the Charge or in any renewal or amendment or in any loan approval or agreement for an additional or other loan is referenced to a prime rate or stated to be an adjustable rate or a variable rate, the Interest Rate payable by you will be the GE Money Mortgage Prime Rate, varied from time to time as set out below, and if so set out, plus or minus the number of percentage points per annum. Interest at such adjustable or variable rate is calculated semi-annually not in advance and is payable monthly.

The Interest Rate will be adjusted or varied on the same day of the month as the Interest Adjustment Date starting in the month following the Interest Adjustment Date. On each such date, the Interest Rate will be set to the GE Money Mortgage Prime Rate then in effect plus or minus the number of percentage points if any.

Within a reasonable time after each change in the interest rate, we may mail to you, at your last known address according to our records, a notice of the changed interest rate and its effective date. The interest rate will adjust or vary in accordance with this section even if we fail to send this notice or you fail to receive it.

The GE Money Mortgage Prime Rate is the rate that GE Money Mortgage establishes from time to time as its reference rate for residential mortgage loans in Canada. The GE Money Mortgage Prime Rate in effect at any time is available by inquiry to us. You also agree that any certificate in writing we issue setting out the GE Money Mortgage Prime Rate and the Interest Rate applicable to the Charge or loan secured by the Charge at any time shall be deemed to be conclusive evidence as to the rate at such time.

9. Converting the Mortgage to a Fixed Interest Rate.

You have the option by written request to us at any time after you have made the first regular monthly payment and you are not in default to convert the Interest Rate from an adjustable or variable rate to a fixed rate for a term of three (3), four (4), five (5), six (6), seven (7) or ten (10) years. The term you choose must be equal to or greater than the remaining term of your loan that is being converted. The fixed interest rate will be the rate GE Money Mortgage then quotes for the term you have chosen for a mortgage similar to yours on the date the written request for conversion is received by us. A mortgage similar to yours is one that is on a similar property with a similar loan to value ratio and that is to a borrower with a similar credit score and other loan criteria (without regard to the rate on loans, if any, actually made at such time). The conversion will take effect on the next payment date unless your request is less than five (5) business days before the next payment date, in which case it will be the next payment date thereafter.

10. **Interest After Default.**

Interest is payable at the Interest Rate on the loan amount and all other debts and liabilities secured by the Charge both before and after the Balance Due Date, maturity, default and judgment of the Initial Loan and of any renewal, amendment and other loan secured by this Charge. If you are in default in payment of any amount including interest, you will pay interest on the interest and other amount in arrears at the Interest Rate, or if amended or renewed at the interest rate set out in the approval or agreement for such amendment or renewal of the Initial Loan or other loan secured by this Charge.

PAYMENT OF THE LOAN AMOUNT

11. **Your Promise to Pay.**

You covenant to pay to us the Initial Loan, interest and all fees and costs as follows:

(a) interest on the loan at the Interest Rate from the date of each advance until the Interest Adjustment Date will be due and paid in advance on the date of each advance;

(b) from and after the Interest Adjustment Date, the Initial Loan and interest on the principal at the Interest Rate computed from the Interest Adjustment Date will become due and be paid in instalments each in the payment amount set out in the Charge, or where the Interest Rate is an adjustable or variable rate, with adjustment following each change in the rate, on the same day of each and every month as the day of the First Payment Date, the first of such payments to be paid on the First Payment Date and the last on the Balance Due Date;

(c) costs, fees, interest on overdue interest and other amounts will be payable on demand with interest thereon at the Interest Rate; and

(d) the balance of the principal then remaining together with interest thereon at the Interest Rate and any expenses and other amounts outstanding with respect to the loan will be paid on the Balance Due Date.

The payment terms set out will apply to any additional advances or other loans, amendments and renewals we may make to you with the Interest Adjustment Date, Interest Rate, Payment Amount and Balance Due Date being the dates, rate and amounts set out in the approval or agreement regarding such amendment or additional or other loan or advance, unless such approval or agreement otherwise provides.

12. **Changes in Payment Amount - Adjustable Rate Mortgages.**

Where the Interest Rate in the Charge or in any renewal or amendment or in any loan approval or agreement for an additional or other loan is stated to be an adjustable rate, your monthly payment amount will change with each adjustment in the Interest Rate to an amount sufficient to pay all interest that will accrue to the next payment date plus the amount of principal we determine is required so that the loan will be repaid in full over the remainder of the amortization period for the loan, adjusted for any prepayments made.

13. **Payment Amount - Variable Rate Mortgages.**

Where the Interest Rate in the Charge or in any renewal or amendment or in any loan approval or agreement for any additional or other loan is stated to be a variable rate, your monthly payment amount is fixed and will not change with variations in the Interest Rate except where your regular payment amount will no longer pay the interest that will accrue to the next payment date. Therefore, if the Interest Rate decreases, less of your regular payment goes toward payment of interest and more will go toward paying off the principal. Conversely, if the Interest Rate increases, more of your regular payment goes towards paying interest and less will go toward paying off the principal amount of the loan.

If with increases in the GE Money Mortgage Prime Rate, the Interest Rate increases to the point that your regular payment amount will no longer cover the interest that will become due, your monthly payment amount will increase to an amount set using the GE Money Mortgage reference rate established for setting payment amounts for variable rate mortgage loans of a similar kind. The new payment amount is fixed for the term unless because of further increases in the Interest Rate the payment amount must again be reset in the manner set out above.

14. **Increased Payment Frequencies.**

Notwithstanding the monthly payment dates set out in the Charge or elsewhere for any other loan secured by the Charge or in any renewal, we may offer to you (but are not obliged to do so) the option to make more frequent payments and if you so elect, the following provisions apply:

(a) the monthly payment amount will be paid as follows:

(i) if you elect weekly payments, the weekly payment will be one-quarter (1/4) of the monthly payment amount and will be made on the 7th day after the Interest Adjustment Date, or if starting during the term, the 7th day after the last monthly payment you make, and on every 7th day thereafter; except that, if the 7th day after the Interest Adjustment Date or the last monthly payment made date is a Saturday or Sunday, the monthly payments will start the next Monday and continue every 7th day thereafter;

(ii) if you elect bi-weekly payments, the bi-weekly payment will be one-half (1/2) of the monthly payment amount and will be made on the 14th day after the Interest Adjustment Date, or if starting during the term, the 14th day after the last monthly payment you make, and on every 14th day thereafter; except that, if the 14th day after the Interest Adjustment Date or the last monthly payment made date is a Saturday or Sunday, the monthly payments will start the next Monday and continue every 14th day thereafter; and,

(b) if at any time you are in default in payment of two weekly payments or one bi-monthly payment, your increased payment frequency will automatically cease and your payments will be monthly in accordance with the terms of this Charge or the agreement for any other loan secured by the Charge or for any amendment or renewal;

(c) the balance of the principal and interest shall remain payable on the Balance Due Date set out in the Charge or in the agreement or loan approval for any other loan or renewal secured by this Charge.

We do not offer the weekly payment frequency on adjustable rate and variable mortgages.

Should you choose to pay at an increased frequency, an interest adjustment amount may be immediately payable or at our option we may add such amount to the loan amount.

15. **Your Obligation to Pay Without Set-off or Delay.**

You agree to pay all amounts payable pursuant to this Charge without abatement, set-off or counterclaim. Any claim you may make against us either initially or by way of abatement, set-off or counterclaim, will not diminish or delay your obligations to make the payments as provided in this Charge and will not delay the exercise of any remedy nor be a defence to any claim by us against you under this Charge. And without limiting the generality of the foregoing, you agree the foregoing applies with respect to any claim or issue of any kind regarding life or other insurance purchased or not purchased with respect to the Charge.

16. **Preauthorized Payments.**

Unless we otherwise agree, you will establish and make all regular payments as they become due pursuant to a preauthorized payment method acceptable to us on an account with a financial institution in Canada. You must ensure the account always has sufficient funds to satisfy payment obligations on this Charge.

17. **Time and Place for Payment.**

All payments under this Charge must be made to us at such place as we designate to you from time to time. Any payment received by us on a day we are closed for business will be deemed for the purpose of calculation and payment of interest, to have been made and received on the next day we are open for business.

18. **Application of Payments.**

All payments when received will be applied in the following order:

(a) to pay life insurance premiums (only if we have offered and you have chosen creditor insurance for the loan with an insurer for whom premiums are collected with payments on the Charge);

(b) to pay the monthly sum we have set for payment of property taxes pursuant to section 41 of the Charge (if applicable);

(c) to pay interest calculated at the Interest Rate; and

(d) to reduce the principal amount.

However, if you are in default, we may apply any payments received during the period you are in default on such part of the liabilities secured by this Charge as we may choose.

PREPAYMENT PRIVILEGES AND COMPENSATION

19. **Partial Prepayments Without Compensation.**

The Initial Loan can be prepaid without compensation only as follows:

(a) **Increase Regular Payments**. You may increase the amount of your regular payment in each calendar year to an amount not exceeding 15% of the original principal and interest payment amount of the Initial Loan .

(b) **Annual 15% Prepayment**. You may in each calendar year prepay an amount not greater than 15% of the original principal amount of the Initial Loan. All payments must be made on a regular mortgage payment date.

(c) **Restrictions on Partial Prepayments**:

  (i) you may not make increases in the regular payment amount and may not make partial prepayments more than three (3) times in each calendar year;

  (ii) an increase in your regular payment amount must be requested in writing and received by us at least ten (10) days prior to the date on which you want the payment increase to start;

  (iii) you cannot exercise these prepayment privileges if you are in default of any obligations under the Charge;

  (iv) you may not increase your regular payments or prepay more than 15% in any calendar year, even though you did not increase your payments or prepay 15% in a previous year;

  (v) you may not use these partial prepayment privileges in the thirty (30) days prior to any prepayment in full pursuant to section 21 below;

  (vi) after each partial prepayment you make, you must continue to make your regular mortgage payments.

20. Prepayment in Full with Compensation.

The Initial Loan may be prepaid in the full at any time upon payment of a prepayment charge on the principal balance being prepaid calculated as follows:

(a) **Fixed Rate Loans**. Where the loan being repaid has a fixed rate of interest and a term of five (5) years or less, the greater of

A. three months interest at the Interest Rate for the Initial Loan; or,

B. the difference between the balance of the principal being prepaid and the present value as determined by us of all monthly loan payments to the Balance Due Date together with the present value of the principal outstanding on the Balance Due Date. The present value of the principal outstanding on the Balance Due Date is calculated at an interest rate differential discounted at the Government of Canada bond yield plus 0.9%. The Government of Canada bond yield we use is the wholesale bid side yield on a current Government of Canada coupon bond bearing a maturity the same or next shortest to the remaining term of the loan being prepaid, from yields reported in the financial press on the third business day before the date of prepayment (or if none reported then on the day closest to the third business day) for the close of business the preceding business day at Toronto;

(b) **Fixed Rate Loans With Term More Than Five (5) Years**. Where the loan being repaid has a fixed rate of interest and a term of more than five (5) years, if the prepayment is made during the first five (5) years the charge calculated in accordance with Section 21(a) and if made after the fifth (5th) year of the term, three (3) months interest at the Interest Rate for the Initial Loan;

(c) **Adjustable and Variable Rate Loans.** Where the Interest Rate for the loan being repaid is an adjustable or variable interest rate, three months interest calculated at then current Interest Rate for the loan.

Any unused partial payment privilege without compensation will not reduce the prepayment charge payable on prepayment in full.

21. Cash Back Amount.

If you received a cash back amount as an incentive on the making of the Initial Loan or other loan secured by the Charge, you must on a prepayment in full of the loan, an early renewal of the loan, a conversion to a fixed interest rate, a port of the Charge to a new house you purchase or an assumption of the Charge by a purchaser of your property pay back to us in addition to any prepayment charge, a proportionate part of such cash back amount. The proportionate part is calculated by division of the cash back amount received by the number of months in the term times the number of months remaining in the term (including the month in which the prepayment, early renewal, conversion, port or assumption is made).

RENEWAL

22. Renewal.

You agree that you have no right of renewal of the Initial Loan or other loan secured by this Charge or any renewal of the Initial Loan or other loan, but that we may in our discretion offer you renewal on such terms as we may set out to you.

You further agree that the Initial Loan and any other loan and renewal may be automatically renewed from time to time where before the Balance Due Date or other maturity date we send to you a notice offering to renew the balance outstanding at certain interest rates and terms and you do not respond in writing accepting one of the renewal terms offered, or you do not pay the balance outstanding in full or you have not made other arrangements for payment or extension with us on or before the Balance Due Date or other maturity date. In that circumstance, you agree the loan will be renewed for the term and at the rate for automatic renewal we set out in the renewal notice we send you.

On any renewal, the amount of the payments being made pursuant to the preauthorized payment service will be adjusted accordingly. Renewal fees not paid by such Balance Due Date or maturity date will be added to the balance outstanding and bear interest at the renewal rate.

23. Priority of Renewal.

No renewal or extension of time given by us to you shall in any way affect or prejudice our rights against you, the Guarantor or any other person. The Charge will secure the payment and other obligations as extended or changed in the renewal agreement and will be deemed dated as of the first day of each renewal term. It will not be necessary to register notice of any such renewal or obtain any consents or acknowledgements in order to retain priority for this Charge so altered over any subsequent encumbrance or instrument registered subsequent to this Charge.

PORTABILITY

24. Moving Your Mortgage to Another Property

You may without payment of a prepayment charge transfer your existing loan amount to a new home you purchase or you may combine your existing loan amount with an increased loan for the purchase and, depending on the remaining term of the existing loan, you may obtain an extended term. If you increase the loan amount the interest rate on the replacement mortgage will be a blend of the rate you were paying on the loan amount transferred from your existing mortgage and the rate applicable to the increased amount of the replacement mortgage for the term. The sale of your Property and discharge of the Charge and the purchase and registration of the replacement charge on your new home must be completed at the same time for this privilege to apply. You must apply to us for this transfer of your loan and you must meet our mortgage approval criteria, procedures and documentation requirements then in effect for the replacement mortgage on the new home. This includes the mortgage insurance requirements of CMHC or other mortgage insurer, if applicable.

If the amount of the replacement mortgage on your new home is less than the existing loan amount, you must pay the prepayment charges applicable, if any, on the loan amount not being transferred to your new home.

ASSUMPTION

25. Transfer of Your Property and Assumption of the Mortgage

You may sell your Property without paying off the loan amount secured by the Charge if the Purchaser of your Property first obtains our written approval for the assumption of the Charge. You and the purchaser must give us sufficient information to enable us to decide whether we should give our approval. We will not unreasonably withhold our approval and will make our decision promptly once we receive all required information.

The purchaser will be required to sign our assumption agreement and a processing fee may be charged.

YOUR COVENANTS AND WARRANTIES RELATING TO TITLE, USE AND SALE

26. Title Warranty and Covenants.

You warrant and agree that:

(a) Good Title. You have good and marketable title in fee simple to the Property subject only to any prior registered charge to which we have agreed in writing;

(b) To Protect Title. You will preserve your title to the Property and the validity and priority of this Charge and you will forever warrant and defend the same for us against the claims of all persons;

(c) Authority to Charge. You have the right to charge the Property to us;

(d) Release of Claims. You release to us all of your right, title, interest and claim to the Property subject to the right to discharge contained in Section 6 above.

27. Leasehold Land.

If the Property is leasehold land, in place of Section 22 (a) you warrant and agree that:

(a) the lease is a good, valid and subsisting lease and has not been surrendered, forfeited, amended or become void or voidable, the rents and covenants in the lease have been duly paid and performed and if required, the lessor's consent to the Charge of the lease has been obtained; and

(b) during the term of the lease and any extension or renewal of the lease, you will not amend, surrender, subordinate or modify the lease or consent to any subordination, waiver or cancellation of any provision of it without our written consent, you will pay the rent as required by the lease and perform and observe the covenants, provisos and conditions contained in the lease and you will indemnify us against all actions, claims and demands whatsoever in respect of the such rent and covenants or anything relating to the lease.

28. Fixtures, Additions, etc.

You agree the Property includes all property of any kind that is at any time attached or fixed to the land or buildings or placed on and used in connection with them including all heating and cooling equipment such as furnaces, pumps, water heaters and air conditioners (central, window and other units), all cooking and refrigeration equipment, light fixtures, television antennae, satellite dishes, alarm and security systems, central vacuum, carpet where laid, trees, shrubs and plants, as well as all alterations, additions and improvements to the land and buildings.

29. Representations, Information, etc.

You warrant and represent that all representations made by you or anyone on your behalf in the application for the mortgage loan and any other information you or the Guarantor have provided to us for our consideration in deciding whether to grant, amend or renew the mortgage loan or any other amount secured by this charge are true and correct at the time made or provided.

30. Residential Use and Rental of the Property.

Where we have approved the loan secured by the Charge on the basis of:

(a) homeowner occupancy of all or part of the Property, the Property or applicable part will be occupied by you and your family as your principal residence property for the term and each renewal term of the loans secured by the Charge; or,

(b) investment or rental property, you will lease and maintain the unit or units for residential purposes only in a prudent businesslike manner at fair rents in compliance with all applicable tenancy laws and regulations.

31. Compliance With Building and Other Laws.

Your use of the Property complies and you will continue to comply with all building and zoning by-laws and if a non-conforming use, you will continue such legal non-conforming use, unless we otherwise agree in writing. You will also comply with all other laws in your use and occupation of the Property and will not use or permit the Property to be used for any illegal, improper or immoral purpose or activity.

32. No Other Charges or Liens.

You will not create or permit to exist any other mortgage, construction, building or similar lien (other than any unregistered lien for an account not yet due for work or supply to an improvement approved by us) or other lien (other than for taxes and utilities not yet due) or other encumbrance against the Property.

33. Payment of Taxes, Utilities and Other Encumbrances.

Unless we elect to pay taxes as provided elsewhere in this Charge, you will pay all taxes levied on the Property as they become due and give us in each year receipts showing that the taxes have been paid as due no later than ten (10) days after the due date. In this Charge, "taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties levied on or payable with respect to the Property. You will also pay all accounts for utilities supplied to the Property and all charges, mortgages, liens and other encumbrances on the Property when they are due and comply with your other obligations under them.

34. No Sale Without Consent.

You will not sell, transfer, lease or otherwise dispose of all or any part of the Property or any interest in the Property without our prior written approval and if approved, without such approved purchaser, transferee or lessee entering an assumption agreement in form satisfactory to us. Acceptance of any payments from a purchaser, transferee or lessee not approved in writing by us, will not constitute an approval or waiver by us.

35. Further Assurances.

You will, before or after default, execute any further documents and do such other acts with respect to any aspect of this Charge, at your own expense, as we may reasonably require.

36. Reservation of Rights.

You agree that no sale or other dealing by you with the Property or any dealing by us with the whole or any part of Property or with any person liable in any manner for the whole or any part of the amount secured by this Charge, shall in any way affect or prejudice our rights against you, the Guarantor or any other person liable to pay any amount secured by this Charge.

37. Statutory Covenants.

The covenants contained in this Charge are additional and supplemental to and in the case of any conflict override the covenants set out in any statute regarding charges in the province where the Property is located.

CONDOMINIUM

38. Covenants for a Condominium Unit.

The following provisions apply to any condominium unit that is part of the Property:

(a) **Payment of Common Expenses and Compliance**. You will pay all contributions to common expenses of the condominium as they become due and comply with the *Condominium Property Act* (the "Act") and the by-laws and rules of the condominium corporation. You will provide us with proof of your payment and your compliance from time to time as we may request. You will forward to us as received copies of any notices, assessments, by-laws, rules and financial statements of the condominium corporation. You will provide us, on request, with any other documents and information that you receive from the condominium corporation or are entitled to receive.

(b) **Repair**. You will maintain all improvements made to your unit and repair them after damage.

(c) **Insurance of Unit**. You will insure all improvements which you or the previous owners have made to your unit. Furthermore, you will insure your common or other interest in buildings which are part of the condominium property or assets of the condominium corporation, if the condominium corporation fails to insure the buildings as required by the Act and the declaration, by-laws and rules of the condominium corporation. These obligations are in addition to your obligations in this Charge under the heading Insurance for the Property as far as they apply to a condominium unit.

(d) **Right to Vote - Proxy**. You hereby assign to us and authorize us to exercise your rights under the Act to vote and to consent. If we do not exercise such rights, you may do so, but you will do so according to any instructions which we may give you from time to time. You also authorize us to inspect the condominium corporation's records. Nothing done under this Section puts us in possession of the Property.

INSURANCE

39. **Insurance for the Property.**

(a) Fire and Other Perils. You will cause the Property to be insured by an insurer and under a policy or policies satisfactory to us to an amount of not less than the full replacement value of the buildings and improvements on the Property and not less than the amount of the mortgage. The insurance must be against the perils and extended perils usually covered in fire insurance policies, including but not limited to loss or damage by explosion, tempest, tornado, cyclone, earthquake and lightning;

(b) Boiler Insurance. If there is a boiler or other pressured vessel or a sprinkler system in any building on the Property, the insurance to be obtained by you must cover loss or damage caused by the boiler or other pressured vessel and equipment operated with it or caused by the sprinkler system;

(c) Owner's Liability Insurance. You must have comprehensive liability insurance for personal and property damage and losses occurring on or in respect to the Property for an amount of at least $250,000 per occurrence or such amount as we may specify to you in writing;

(d) Builder's All Risk. During such time or times as there is construction of any buildings or other improvements on the Property, you will maintain or cause your contractor to maintain builder's all risk insurance with a stated amount clause for the improvements for full insurable value;

(e) No Co-Insurance. The insurance may not contain co-insurance requirements;

(f) Proof of Insurance. Each policy of insurance shall contain mortgage clauses and loss payee clauses in a form satisfactory to us. You must give us proof that you have obtained the insurance you are required to obtain and you must, at least twenty (20) days before any insurance expires or is terminated, give us proof that you have arranged for such insurance to be renewed or replaced. If you fail in any way to comply with these obligations, we may (but we are not obliged to) obtain insurance on your behalf. If we think it is necessary, we can require you to cancel any existing insurance for the Property and provide other insurance which meets our approval;

(g) Insurance Claims and Proceeds. If loss or damage occurs, you will provide us with necessary proofs of claim and do everything else necessary to enable us to obtain payment of our interest in the insurance proceeds. You irrevocably appoint any of our officers (with power of substitution) as your authority to sign on your behalf any documents required or to endorse on your behalf any cheques issued by any insurer with respect to any policy of insurance with respect to all or any part of the Property. Insurance proceeds may, in whole or in part, exclusively at our option, be used to rebuild or repair damaged buildings or be used to reduce all or part of the amount secured by this Charge;

(h) Further Assignment. You assign as additional security for your obligations under this Charge all interest in or under any insurance of any kind affected with respect to the Property and the proceeds thereof, whether or not placed in accordance with the requirements of this Charge.

40. **Life Insurance.**

You agree that we may at any time request that you obtain and maintain a policy of insurance with a recognized insurer in Canada on the life of the Chargor and, if more than one, the life of each of them in an amount sufficient to pay all amounts from time to time secured by the Charge. Proceeds of such insurance will be directed to be paid firstly to us in payment of the amounts secured by the Charge. You will on our request provide proof that you have obtained such insurance and periodically provide proof that you have paid all premiums. If you fail to maintain such insurance, we may obtain it on your behalf.

PAYMENT OF PROPERTY TAXES

41. **Account for Payment of Taxes.**

(a) If we so require, you agree to pay to us on each payment date for a loan secured by the Charge or any amendment or renewal thereof an amount equal to 1/12th of the amount of taxes for that calendar year as estimated by us. Where the payment frequency is increased as provided in Section 14, the monthly tax amount will at all times be paid with the same frequency;

(b) we may also withhold from any advance of the Initial Loan or other loan secured by the Charge any amount we consider necessary to pay or to anticipate future payments of taxes;

(c) if you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you shall pay to us an appropriate amount in addition to the amount referred to in Subsection (a) above;

(d) if the taxes on the Property in any calendar year exceed our estimate, you will pay us the difference on demand;

(e) you agree to send to us immediately after you receive them interim and final tax bills and all other notices or communications relating to taxes as soon as you receive them;

(f) we do not have to hold any moneys which you pay us under this Section in trust, nor pay interest on them, nor apply them to pay taxes more than once a year; and

(g) should you default under any of your obligations in the Charge, we do not have to use monies so received to pay taxes and we may, if we wish, apply such monies to any of your debts or liabilities to us.

CONSTRUCTION, REPAIR AND ENVIRONMENTAL MATTERS

42. **Repair, Vacancy and Maintenance of Property.**

You will maintain the Property in good order, condition and repair and will promptly make all necessary repairs, replacements, and improvements. You will not allow any part of the Property to become or remain vacant without our written consent You will not commit waste and will not remove, demolish or materially alter the Property or any part of it without our prior written consent. We may, whenever we feel it necessary, either by ourself or by our agent enter upon and inspect the Property and you shall pay the expenses associated with such inspection. If you, or anyone claiming under you, neglect to keep the Property in good condition and repair, or commit any act of waste on the Property, or do anything by which the value of the Property is diminished, as to all of which we shall be sole judge, we may (but we are not obliged to) enter the Property and effect such repairs or work as we consider necessary.

43. **Construction.**

You agree not to make or do any major construction, alteration or demolition to the Property without our consent which must be obtained in writing before it is started. Project plans must be approved by us. If you fail at any time to diligently carry on the work of construction of any building or buildings being or to be erected on the Property, or without our consent in writing, you depart in such construction from the project approved by us or from the generally accepted standards of construction in the locality of the Property, or you permit any construction or similar lien to be registered against the Property, we may at our option at any time, through our agents or contractors, enter the Property and have exclusive possession of the Property and of all materials, plant, gear and equipment on the Property, free of interference by you and complete construction of the building or buildings either according to your plans or according to such other plans, specifications or design as we in our discretion may choose. You shall pay all costs in connection with such construction.

44. **Hazardous Substances.**

(a) To the best of your knowledge and belief, after due inquiry and investigation, no part of the Property contains, has ever contained or will in the future, except as provided below, contain any hazardous substances. Hazardous substances refers to any solid, gaseous or liquid waste and substances or conditions that are prohibited or controlled or that are hazardous in fact or that are considered potentially hazardous;

(b) You agree that any activities or storage on any part of the Property that may involve such hazardous substances including storage of home heating oil and propane gas will only be undertaken after full disclosure to us and with our approval. Any such activities or storage will be in accordance with environmental laws and regulations. No use of any part of the Property will be allowed which may cause or increase the likelihood of the escape, seepage, leakage, spillage, release or discharge of any hazardous substance on, from or under the Property or permit any policy of insurance in respect to the Property to be cancelled;

(c) You will promptly notify us as soon as you know of or suspect that there is any actual, threatened or potential escape, seepage, leakage, spillage, release or discharge of any hazardous substance on, from or under the Property whether from your activities or storage or from those of another property owner or carrier or from any other source;

(d) You will promptly remove any hazardous substances that are or come onto the Property in any manner and from any source, other than those for activities and storage which we have permitted as provided above, and complete all remediation of the Property that may be required by reason of the presence of hazardous substances and that we may consider prudent, all in accordance with environmental laws and regulations;

(e) You agree to indemnify us with respect to any and all costs and liabilities we may incur for investigations, remediation and other matters related to hazardous substances that are or may be on or about or suspected to be on or about any part of the Property or nearby property;

(f) We may require that you obtain, or we may obtain, from time to time at your expense an environmental inspection or audit report on all or any part of the Property, which report shall be satisfactory to us;

(g) Any environmental audit or inspection report you may provide to us or we may obtain or any other investigation we may conduct or any remedial or other work we or someone on our behalf may perform or any storage or use of hazardous substances on the Property we may permit will not relieve you from your obligations; and

(h) The representations, covenants, agreements and indemnity made in this section survive satisfaction and discharge of the Charge, sale of all or any part of the Property or extinguishment of the Charge if we or our nominee become owner of the Property by foreclosure or otherwise following default.

DEFAULT AND REMEDIES

45. Possession.

Until default by you under this Charge, you shall have possession and receive the rents and benefits from the Property.

46. Events of Default.

You will be in default under this Charge upon the happening of any of the following events:

(a) if you default in the payment of any part of the principal, interest or any other amount secured by this Charge, when payment of such amount becomes due;

(b) if you default in the observance or performance of any term or covenant which you have agreed with us to observe or perform under this Charge or elsewhere;

(c) if any information or statement you or the Guarantor have given or made before, at or after signing the Charge, in respect of the Property or your or the Guarantor's affairs is incorrect or untrue at the time given or made;

(d) if you cease or threaten to cease to carry on in a sound businesslike manner the business you or the Guarantor ordinarily conduct on or with respect to all or any part of the Property;

(e) if the Property is a condominium unit or units, a vote authorizes termination of the condominium or the sale of all or substantially all of the condominium corporation's assets or its common elements or the condominium corporation fails to insure the unit and common elements;

(f) if a petition in bankruptcy is filed against you, if you make a general assignment for the benefit of your creditors, if a receiver, interim receiver, monitor or similar person is placed or is threatened to be placed in control of or for overview of your affairs or Property, or in our opinion, you become insolvent;

(g) if a construction or similar lien is registered against the Property or if default occurs under any other lien, charge or other encumbrance existing against the Property;

(h) if you abandon or do not visibly and consistently occupy the Property; or

(i) if the Property or, in our opinion, a material part of the Property is expropriated.

47. Acceleration on Default.

If at any time you should be in default under this Charge, then the Principal Amount and interest and all amounts secured by this Charge shall, at our option, become due and payable immediately.

48. Compensation on Acceleration and After Maturity.

(a) If the balance declared due after the occurrence of an event of default under the Charge is paid prior to the Balance Due Date of the Initial Loan or the maturity date of any other loan secured by this Charge, you agree to compensate us for prepayment by payment of an amount equal to three months interest at the then current Interest Rate on the amount prepaid.

(b) Payment After Maturity. Where there is default after the Balance Due Date or maturity date of the last renewal of the Charge, you may pay the outstanding Principal Amount only upon payment of three months interest calculated on the outstanding Principal Amount or three months written notice in lieu thereof, and if you fail to pay on the date specified in such notice, then only on payment of such three months' interest.

(c) Statements and Recovery of Amount. You agree that the statements we issue of amounts calculated pursuant to Subsections (a) and (b) shall, in the absence of obvious error, be conclusive. You further agree that we may recover amounts we determine due pursuant to this Section from the proceeds of any sale of the Property or other proceedings for enforcement of the Charge.

49. **Remedies on Default.**

Upon the occurrence of any event of default, the Charge shall, at our sole option, be immediately enforceable (without thereby declaring the principal and other amounts secured by the Charge immediately due and payable unless we have in writing declared the same due and payable) and we may realize upon our security and enforce our rights (without notice to you except as specifically required by any term of this Charge or by any applicable statute) by the following remedies:

(a) Possession. We may enter into possession of the Property without any objection from you. Our liability for the time in possession of all or any part of the Property shall be limited to an accounting for monies actually received by us;

(b) Lease. We may lease all or any part of the Property with or without entering into possession of the Property;

(c) Court Action. We may take proceedings in any Court of competent jurisdiction for sale or foreclosure and for possession of all or any part of the Property and for payment of the monies due on the Charge;

(d) Court Receiver. We may take proceedings in any Court of competent jurisdiction for the appointment of a receiver (which term wherever used in this Charge includes a receiver and manager) of all or any part of the Property, and you hereby consent to a court order for such appointment;

(e) Power of Sale. We may with or without entering into possession sell all or any part of the Property pursuant to the power of sale in such manner as may to us seem best;

(f) Receiver. We may appoint in writing a receiver of the Property and of the rents and profits thereof and from time to time remove any such receiver and appoint another in its stead. The receiver shall for its acts and liabilities be your agent. The purpose of such appointment shall include the orderly management, administration, construction and repair and/or sale of all or any part of the Property;

(g) Abandoned Personal Property. Any equipment (which is not part of the Property) or furniture or household or personal belongings which remain on the Property for a period of more than five days after we take possession of the Property shall be deemed abandoned and we may remove, store, dispose of or otherwise deal with such abandoned goods in such manner as we see fit. Removal, storage and other costs may be added to the amount secured by this Charge;

(h) Performance of Your Covenants. If you fail to perform any covenant or condition under this Charge, we may (but we are not obliged to) ourselves perform or cause to be performed the same at your expense. If we pay any taxes, utility accounts, charges, liens or other encumbrances, we shall be entitled to all equities and securities of the person or persons so satisfied and we may retain any discharge or cessation of charge unregistered until we are paid. We may rely on any statement of account or statement of non-performance which we reasonably believe to be correct without any subsequent challenge of any kind as to the correctness thereof by you; and

(i) Sale of Leasehold Property. On any sale by us under the power of sale contained in the Charge, we may assign the lease, the leasehold interest in the Property and the reversion to the purchaser. We may at any time, by written appointment, remove the Chargor or any other person from being a trustee of the lease under the declaration of trust set out above and appoint a new trustee or trustees in their place.

We may exercise these rights and remedies from time to time separately or in combination and as often and in such manner as we see fit. They are in addition to and not in substitution for any other rights and remedies we may have at law, in equity or by statute, or under any other security or agreement with you.

50. Sale of the Property.

The following terms shall apply to any sale:

(a) We may sell the whole or any part or parts of the Property by public auction or private contract, or partly one or partly the other;

(b) The sale may be conducted immediately upon the expiration of any redemption or reinstatement period required by law or at any time thereafter and we may delay the sale for such period of time as we consider to be in our best interest;

(c) We may sell on such terms as to credit and otherwise as shall appear to us most advantageous and for such prices as can reasonably be obtained and may make any stipulations as to title or evidence or commencement of title or otherwise which we consider appropriate;

(d) In the case of a sale on credit we shall be bound to pay you or any other person with a claim thereto or apply on account of the indebtedness secured by the Charge only such monies as have been actually received from the purchasers from time to time. After the satisfaction of all our claims, we are not bound to pay any amount to you or any other person claiming entitlement thereto until all such agreements and assurances as we consider fit have been executed and delivered;

(e) We may buy in or rescind or vary any contract for the sale of the whole or any part of the Property and resell without being answerable for loss occasioned thereby;

(f) Any person may bid on, tender for or purchase the Property at the sale;

(g) Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper. No want of any required notice or publication shall invalidate any sale or lease under this Charge and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the power of sale shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given; any person prejudiced by an unauthorized, improper or irregular exercise of the power shall have his or her remedy against the person exercising the power in damages only;

(h) Notice as provided for in this Charge shall be given to you in such manner and form and within such time as provided by the mortgages, land titles or other acts, as amended, in the province where the Property is located. Unless otherwise required, you agree that notice may be given by mailing it in a registered letter addressed to you or your legal representative at the last address known to us and shall be effective as of the date of mailing;

(i) All provisions of this Charge relating to a sale of the Property following default, including, without limitation, the persons to whom notice of exercising the power of sale shall be given and the manner of giving such notice, shall be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising any power of sale or other sale remedy. Wherever any such requirement may be waived or shortened, such requirement is hereby waived and shortened. Wherever there is a conflict between the provisions of this Charge relating to exercising such power of sale and the requirements of any law, the provisions of such law shall govern.

FEES, COSTS AND EXPENSES

51. Servicing Fees.

You agree to pay to us servicing fees to cover our reasonable time and costs for administration of the Charge including without limitation, a fee or allowance for

(a) administering the account for the collection and payment of taxes (as provided in Section 39), an annual fee;

(b) dealing with each late or missed payment and for replacement of each cheque or other instrument not honoured when presented for payment, or any preauthorized payment which does not clear as scheduled;

(c) preparing each assumption, arrears, reinstatement, discharge or other mortgage statement, whether provided to you, our agents or solicitors or any other interested person;

(d) processing each application to obtain our consent to assume the mortgage or our approval or consent for any other matter required by the Charge whether or not approval or consent is provided or the matter is completed;

(e) processing each extension, renewal, conversion to a fixed interest rate, restructuring or other amendment of the Charge or amounts secured by the Charge, whether or not completed;

(f) investigating status of any insurance, administering insurance cancellations and paying insurance premiums and dealing with insurance claims;

(g) providing a copy or duplicate of documents from our file or an amortization schedule, a payment history, tax account history, audit verification and other services of a clerical nature including retrieval, copying, transmission and other charges;

(h) investigating status of realty tax payments and administering tax payments;

(i) registering a financing statement or financing change statement or issuing or receiving any notice or information, security status or acknowledgement request and conducting any required searches;

(j) registering electronically or otherwise or executing and delivering any discharge of this Charge (notwithstanding that the discharge may have been prepared by you or other person on your behalf); and

(k) generally, any matter connected with the proper administration of the Charge and Property including inquiring into compliance, dealing with or enforcing any obligation contained in the Charge and including, without limitation, with respect to taxes, condominium fees and matters, insurance, repair and construction, environmental matters, leases and other encumbrances, managing or selling the Property.

Our servicing fees shall be the amounts established, disclosed and generally applied by us from time to time and may be ascertained upon inquiry to us.

52. **Costs.**

You agree to pay us all amounts we expend and costs we incur in any manner in connection with this Charge including, without limitation, expenses in relation to:

(a) the making of the loan secured by this Charge and each amendment, extension or renewal thereof including preparation, execution and registration of the Charge and any other security, instrument and documents;

(b) collecting payments under and enforcing and realizing the security of this Charge;

(c) defending or otherwise dealing with any action or proceeding in which we by reason of the Charge may be a party or otherwise interested including without limitation any construction lien or similar matter, any seizure or prosecution by police or other authority, any foreclosure, sale, redemption, assessment or other action or proceeding by any other encumbrancer or any certificate of pending litigation or other title matter;

(d) performing or complying with any of your obligations under this Charge including, without restriction, those relating to insurance, condominium, repair and construction, leases, taxes, prior encumbrances and environmental matters.

All legal costs incurred by us in dealing with compliance with any term and in enforcement of the Charge shall be paid by you in full (including legal fees for court proceeding on a substantial indemnity basis).

53. **Interest and Security for Fees and Costs.**

All the above described fees and costs, allowances and expenses shall be secured by this Charge, shall bear interest at the Interest Rate from the date incurred or calculated by us and shall be payable by you forthwith on demand.

MISCELLANEOUS MATTERS

54. **Delay, Waiver and Release of Property.**

You agree that we may in our discretion at any time release any part or parts of the Property or any other security or any surety for the whole or any part of the Principal Amount, interest and other amounts secured by this Charge either with or without any sufficient consideration, without responsibility or liability to you and without releasing any other part of the Property or any person from this Charge or from any of the covenants and without being accountable to you for the value of such released Property, securities or surety, or for any money except that actually received by us.

We may delay in enforcing any of our rights under this Charge or the obligations secured or any agreement evidencing or securing the obligations secured without losing or impairing those rights. We can waive breach of your obligations under this Charge or under any related security or agreement without losing our rights in respect of any other breach of your obligations.

We may as a condition of you repaying any mortgage apply the doctrine of consolidation and require that you repay all charges and mortgages you have with us.

55. **Charge Not a Substitute for Any Other Security.**

You agree that this Charge shall not create any merger, rebate or discharge of any debt owing to us or of any lien, bond, note, instrument or other security now or subsequently held by us, whether from you or from any other party or parties and this Charge shall not in any way affect any security which may now or subsequently be held by us for the whole or any part of the Principal Amount, interest and other amounts from time to time secured by this Charge or the liability of any other person upon any such lien, bond, note, instrument or other security or contract or any renewal or renewals of the same held by us for or on account of the Principal Amount, interest and other amounts from time to time secured by this Charge or any portion thereof, nor shall our remedies be affected in any manner.

56. Judgments.

If we obtain a court judgment against you for your failure to pay all or any part of the Principal Amount, interest and other amounts secured by this Charge or to perform any of your obligations to us under this Charge, the judgment will not result in a merger of any of your obligations under this Charge with the judgment or take away any of our other rights to enforce this Charge. We will continue to be entitled to receive interest on the Principal Amount, interest and the other amounts secured by this Charge at the Interest Rate, calculated and payable in the agreed way, and the judgment may so provide.

57. Interpretation and Headings.

Wherever in this Charge the singular or masculine is used, the same shall be construed as meaning the plural or the feminine or the neuter where the context or the parties so require. The headings do not form part of this document and have been inserted for convenience of reference only. This Charge shall be interpreted, enforced and governed by the laws of the Province of Ontario. If any provision of this Charge shall be prohibited by or invalid under applicable law, such provision shall not invalidate the remaining provisions of this Charge. Nothing contained in this Charge shall require you to pay or for us to accept interest in an amount greater than that allowed by applicable law.

58. Joint Signatures.

If more than one person makes this Charge, each person who makes it is jointly and severally bound to comply with all obligations of the Chargor under this Charge.

59. Demands and Notices.

Unless otherwise provided in this Charge or prohibited by law, where this Charge allows or requires us to make a demand on or give a notice to you or any other person, we may make the demand or give the notice by delivering it addressed to you or other person at the Property or you or the other person's last known address or by mailing it by prepaid registered mail addressed to you or the other person at the Property or last known address or by sending it by facsimile to you or the other person's last known number and, where the person is a corporation, by so delivering or sending it to the last known address or number of a director, officer, employee or attorney of the corporation.

A notice or demand so delivered will be regarded as given or made when it is so delivered. A notice or demand so mailed will be regarded as given or made on the day after it is mailed and a notice so sent by facsimile on the day sent, in each case whether the person actually receives it or not, and if the day of receipt is not a day we and lenders generally are open for business, then the next business day. The foregoing does not include a Notice of Sale under Mortgage which if sent by registered mail, shall be deemed served the day of mailing.

We may also give a notice or demand to you or a Guarantor by electronic message through the Internet (e-mail) to the e-mail address you or the Guarantor give to us or by which you or the Guarantor communicate to us. A demand or notice so delivered shall be deemed received eight (8) hours after transmission by us, regardless of whether actually received or opened by you or the Guarantor.

60. U.S.A. Residents.

If you are or become a resident of the United States of America for tax purposes and we are subject to a tax payable to the government of the U.S.A. on the interest we receive through your payments, the Interest Rate on the amounts secured by the Charge will be increased by multiplying by a factor of 1.1111 to offset our obligations in that regard. This factor may change any time if the government of the U.S.A. makes a change in the amount of tax to be paid.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200630 Cote

GUARANTEE

61. **Guarantee.**

Each person signing or joining in the Charge as a Guarantor agrees in consideration of our making the loan to you, as follows:

(a) The Guarantor, with you, as principal debtor and not as surety will duly pay or cause to be paid all amounts payable under this Charge or secured by this Charge on the days and times and in the manner provided for payment of the same;

(b) The Guarantor unconditionally guarantees full performance and discharge of all your obligations under the provisions of this Charge at the times and in the manner provided in this Charge;

(c) The Guarantor indemnifies and saves us harmless from and against all losses, damages, costs and expenses which we may sustain, or incur or be or become liable for by reason of:

  (i) the failure for any reason whatsoever by you to pay the amounts payable under this Charge or to do and perform any other act, matter or thing required by the provisions of this Charge; or

  (ii) any act, action or proceeding, of or by us, for, or in connection with, the recovery of the amounts payable under this Charge by you, or enforcing the performance by you or any other person liable under this Charge of any act, matter or thing required by the provision of this Charge;

(d) We shall not be obliged to proceed against you or any other person liable under this Charge or to enforce or exhaust any security before proceeding to enforce the obligations of the Guarantor set out in this Section and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any of your debts or obligations under this Charge or the enforcement of any security for any such debt or obligation;

(e) We may, without notice to and the consent or approval of the Guarantor, grant extensions of time for payment, make renewals, increase, vary and amend the Interest Rate, the Principal Amount and other terms of the Charge and the indebtedness secured by the Charge, release the whole or any part of the Property or other security from this Charge, or otherwise deal with you, any of the indebtedness secured by this Charge or the Property or other security as we see fit without releasing or lessening the liability of the Guarantor;

(f) The Guarantor agrees to be bound by each such renewal, variation and amendment of any terms of the Charge we make with you and each reference to the Charge in this Guarantee paragraph shall mean the Charge as so renewed and amended from time to time, regardless of whether made with or without the knowledge, consent or approval of the Guarantor;

(g) No delay or carelessness or neglect by us in asserting any of our rights, nor the loss of any right by operation of law, nor the loss or destruction of any security, nor the lack of validity or enforceability of all or any part of this Charge or any other security held for or any document evidencing any part of the indebtedness or liability secured by the Charge will in any way release or lessen the liability of the Guarantor;

(h) The Guarantor has read this Charge and is fully aware of and agrees with its terms and in particular, the terms of this Guarantee;

(i) Where there is more than one Guarantor, each Guarantor is jointly and severally responsible under this guarantee with the other Guarantor(s) and you;

(j) We may serve notice on the Guarantor and any notice to the Guarantor shall be deemed received in the same manner as provided for notice to you in this Charge.

ASSIGNMENT OF RENTS

62. Assignment of Rents.

This section applies if any part of the Property is not occupied by you and your family as your primary principal residence:

(a) You assign to us all rents payable from time to time under all leases or agreements for use of any part of the Property, now existing or made in the future, together with the benefit of all guarantees and indemnities contained in those leases and agreements;

(b) On our request, you will immediately provide copies of all leases and agreements related to use of any part of the Property and provide us with all information regarding rents and other accounts;

(c) After occurrence of any event of default, we are entitled to collect all rents and other amounts due under all leases or agreements regarding the Property. You hereby irrevocably authorize the tenants and occupants to pay the rents to us after our written demand is delivered without determination by the tenants or occupants whether default has in fact occurred;

(d) Nothing contained in this Charge or assignment of rents shall make us responsible for collection of rents payable under any lease or for the performance of any of the landlord's obligations contained in any lease or agreement and the exercise of any of our rights under this assignment shall not deem us a mortgagee in possession of the Property; and

(e) We shall be liable to account only for such rents as are actually received (less reasonable collection charges) and may apply rents received to the payment of such part of your obligations under the Charge as we shall determine.

DATED the 29th day of August, 2006.

GE MONEY Holding Company
by its solicitors
Gowling Lafleur Henderson LLP
Per:

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200630 Cote

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Filing No. 200631 Cote
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act (Ontario)

Set of Standard Charge Terms
filed on September 18, 2006 as Standard Charge Terms No. ________

Filed By: Dundee Bank of Canada

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Land Registration Reform Act, except to the extent that the provisions of this set of standard charge terms are modified by additions, amendments or deletions in a schedule to the Mortgage.

A Table of Contents is at the end of this document.

1. DEFINITIONS

(a) **Defined Terms** - In the Mortgage, including this set of standard charge terms, unless the context otherwise requires, the following capitalized terms have the meaning given to them below:

Term	Meaning
"Amount Secured"	The total of (i) the Principal Amount, (ii) interest on the Principal Amount at the Interest Rate, (iii) interest on unpaid interest and unpaid Expenses at the Interest Rate, and (iv) Expenses.
"Balance Due Date"	The date set out after or under the heading "Balance Due Date" in the Charge Form.
"Bank"	Dundee Bank of Canada
"Borrower", **"you"** and **"your"**	Each person who signs the Mortgage as chargor(s).
"Calculation Period"	The period set out after or under the heading "Calculation Period" in the Charge Form.
"Charge Form"	The charge/mortgage of land (Form 2) from the Borrower and that refers to these Standard Charge Terms.
"CMHC"	Canada Mortgage and Housing Corporation.
"Default"	Any of the events or circumstances listed in Section 15.
"Expenses"	All amounts (other than the Principal Amount and interest) that you must pay under the Mortgage, together with interest on them at the Interest Rate.
"First Payment Date"	The date set out after or under the heading "First Payment Date" in the Charge Form.
"GENWORTH"	Genworth Financial Inc.
"include" and **"including"**	Include, or including, without limitation.
"Interest Adjustment Date"	The date set out after or under the heading "Interest Adjustment Date" in the Charge Form.
"Interest Rate"	The rate set out after or under the heading "Interest Rate" in the Charge Form.
"Last Payment Date"	The date set out after or under the heading "Last Payment Date" in the Charge Form.
"Lease Rights"	As they relate to your Property, all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents payable under such leases and agreements; and all rights under them.
"Lender", **"we"**, **"our"** and **"us"**	Dundee Bank of Canada
"Loan Amount"	The outstanding balance of all amounts (including the Principal Amount, interest and Expenses) owing to us from time to time under the Mortgage, as amended from time to time.

"Mortgage"	The Charge Form together with any Schedules attached to it (and including these Standard Charge Terms themselves) and any renewals of it, and as these may be amended from time to time.
"Payment Date"	The date and period set out after or under the heading "Payment Date" or "Payment Date and Period" in the Charge Form, as the case may be
"Payment or "Amount of Each Payment"	The amount set out after or under the heading "Amount of Each Payment" in the Charge Form.
"Prime Rate"	The variable rate of interest per annum quoted by the Bank from time to time as its reference rate for its Canadian Dollar loans made in Canada and which the Bank refers to as its "Prime Rate", as such rate may be changed by it from time to time.
"Principal Amount"	The amount set out after or under the heading "Principal Amount" in the Charge Form.
"Property"	The land described in the Charge Form under the heading "Description", all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including any additions, alterations, substitutions and improvements.
"Section"	Refers to a numbered section in this set of standard charge terms.
"taxes"	All taxes, rates and assessments of any nature or kind relating to your Property, including property taxes, local improvement rates, interest and penalties.

2. CHARGE OF PROPERTY

For good and valuable consideration (which, by signing and delivering the Mortgage, you acknowledge having received from us):

(a) if you are the owner of your Property, you charge to us your entire interest (both present and future) in your Property; or

(b) if you are a tenant of your Property under a lease, you charge and sublease to us your entire interest (both present and future, including any option or right of first refusal to purchase) in your Property, for the term (except the last day) of your lease, including any renewals,

to secure repayment of the Loan Amount (together with interest at the Interest Rate) and performance of your obligations under the Mortgage. Our interest in your Property ends when you have repaid the Loan Amount in full as provided in the Mortgage and you have complied with all of your other obligations under the Mortgage.

3. INTEREST

(1) **Interest Adjustment Period** - Despite anything to the contrary in the Mortgage (except for Section 3(10), you will make an interest-only payment on advances of principal secured by the Mortgage from the time of advance up to the Interest Adjustment Date, calculated daily at the Interest Rate and, at our option: (a) calculated as simple interest or in advance (or both); and, (b) paid by you or deducted by us: (i) from any advance or advances that we make; (ii) on the Interest Adjustment Date; or, (iii) on the First Payment Date.

(2) **Interest on Overdue Amounts and Compound Interest –** If you do not make the regular Payment or any other payment required by the Mortgage when it is due, we will charge you interest from the due date on any overdue portion of the Loan Amount (including interest and compound interest) at the Interest Rate provided for in the Mortgage, both before and after the Balance Due Date, as well as before and after default and judgment. Interest calculated on overdue interest is called "compound interest". Such compound interest will be added to the Loan Amount and is payable by you on the Payment Dates. We will also charge interest, at the Interest Rate, on compound interest that is overdue until paid to us, both before and after the Balance Due Date, as well as before and after default and judgment.

(3) **Periods** - Where the Mortgage refers to interest from a date, that means interest from and including the date. Where the Mortgage refers to interest to a date, that means interest to but excluding the date.

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Section 3(4) only applies to Fixed Rate Mortgages:

(4) **Fixed Rate Mortgage** – The interest rate payable by you on the Loan Amount is the Interest Rate set out in the Mortgage, which is a fixed rate of interest for the Term. Interest is calculated semi-annually, not in advance. Interest is payable at the frequency set out under the Payment Date in the Mortgage, and calculated using an interest rate equivalent to the semi-annual Interest Rate to reflect the frequency of payment set out in the Mortgage. Interest is payable on the Loan Amount at this rate, both before and after the Balance Due Date, as well as before and after default and judgment, until the Loan Amount has been paid in full.

Sections 3(5) – (10) only apply to Variable Rate Mortgages:

(5) **Variable Rate** – The interest rate payable by you on the Loan Amount is the Interest Rate, which is a variable rate of interest. Interest is payable at the frequency set out under the Payment Date in the Mortgage and is calculated at the same frequency as the payment of interest, not in advance. Where the Interest Rate is equal to the Prime Rate plus or minus the number of percentage points per annum, if any, indicated in the Mortgage, the Interest Rate will vary automatically each time there is a change in the Prime Rate, without any notice to you. Interest is payable on the Loan Amount at this rate, both before and after the Balance Due Date, as well as before and after default and judgment, until the Loan Amount has been paid in full.

(6) **Changes in Interest Rate** – The Prime Rate in effect at any time is available at www.dbc.ca or by contacting us. We may mail to you, at your last known address according to our records, a notice of the changed Prime Rate, its effective date, and the new current Interest Rate, within a reasonable time after a change in the Prime Rate, The Interest Rate will still vary as set out above even if we fail to send you such a notice or you fail to receive it. In the event that it may be necessary to prove the Prime Rate applicable at any time, it is agreed that our certificate in writing setting out the rate shall be deemed to be conclusive evidence as to the rate at such time.

(7) **Calculations and Equivalent Rates** – Section 33 shows how to calculate how much of each regular payment is interest and how much, if any, is principal. Section 34 shows equivalent interest rates calculated semi-annually not in advance for mortgage rates calculated monthly not in advance.

(8) **Deferred Interest** – If the interest that has accrued on the Loan Amount from one Payment Date (or, in the case of the first payment, from the Interest Adjustment Date) to the next Payment Date exceeds the Payment, the excess (called "**Deferred Interest**") will bear interest at the Interest Rate. On the next Payment Date, the interest on the Deferred Interest will be added to the Principal Amount and become part of it. If the Deferred Interest is not paid on that Payment Date, it will bear interest at the interest rate payable on the Loan Amount and that interest will be added to the Deferred Interest on the next Payment Date, and so on. You may pay Deferred Interest by separate payment as your regular payment may not be applied to such interest. You may ascertain the amount of Deferred Interest outstanding from time to time by contacting us.

(9) **Increased Payments** – If, as a result of Deferred Interest being added to the Loan Amount, the Loan amount exceeds the Maximum Amount, or if, as a result of increases in the Interest Rate, the regular Payment under the Mortgage is not sufficient to repay the Mortgage over the amortization period, the amount of each regular Payment under the Mortgage will be increased by us on notice to you. If you do not pay the increased payments, then, at our option, the Mortgage will immediately become due and payable.

(10) **Maximum Amount** – The "**Maximum Amount** " for a Variable Rate Mortgage means the lesser of:

(a) the original Principal Amount; and,

(b) if you have a conventional mortgage (i.e., a mortgage not insured by CMHC or GENWORTH), 75% of the lesser of: (a) the fair market value of your Property as established by an up-to-date appraisal report of your Property that either (i) we may obtain at your expense from a real estate appraiser acceptable to us (who may be an employee of ours) or (ii) you provide to us signed by a real estate appraiser first approved in writing by us; or (b) the purchase price of your property; or

(c) if you have CMHC or GENWORTH insured mortgage, the lesser of:

(i) 95% of the Maximum Amount of the lesser of: (i) the appraised value (determined as set out above in (b)); or (ii) purchase price of your property, plus the CMHC or GENWORTH insurance premium; or,

(ii) 110% of the original balance of the Mortgage including the CMHC or GENWORTH insurance premium.

(11) **Interest for Building Mortgage** – If this is a building mortgage, accrued interest at the Interest Rate on progress advances is calculated daily and payable monthly up to the Interest Adjustment Date established for the initial term of the Mortgage and may be retained without adjustment out of the proceeds of each subsequent advance of the Mortgage. Where more than 30 days elapses between advances, intererest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the Interest Adjustment Date established for the initial term of the Mortgage may be deducted from the last substantial advance.

4. REPAYMENT OF LOAN AMOUNT

(1) **Regular Payments** - You will make regular payments of principal and interest to us on each Payment Date, each in the amount specified for the Payments, starting with the First Payment Date until and including the Last Payment Date. You will pay the outstanding balance of the Loan Amount on the Balance Due Date.

(2) **Payment Provisions on Default** - If you fail to make any Payment or do not meet any of your other obligations under the Mortgage, you must immediately pay to us all outstanding arrears. We may also use the rights we already have under Section 15.

(3) **How We Apply Your Payments** - Each of your regular payments will be used in the following order: a) to pay Expenses including any applicable collection, administration and processing fees, if any; b) to pay life insurance premiums in respect of the Mortgage, if any; c) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the Mortgage, including tax accounts (the **"escrow accounts"**); d) to pay interest or reduce the interest (including Deferred Interest) and any outstanding or late interest charges on the Principal Amount accumulated to but not including the Payment Date; and e) to reduce the Principal Amount. However, if you do not meet any of your obligations under the Mortgage, we may apply your payment or any other money we receive towards any part of the outstanding Loan Amount we choose. You may pay arrears of interest by separate payment. The amount of interest in arrears may be obtained by contacting us.

5. EXPENSES

You will immediately pay to us all Expenses, whether payable by you or that may be paid by us, including interest thereon at the Interest Rate. Until paid, such amount (including interest at the Interest Rate) will be added to and form part of the Loan Amount secured by the Mortgage.

6. DISCHARGE

After you have paid us the Loan Amount in full (and if we are under no obligation to make any further advances), we will sign a discharge or, if requested by you, an assignment (without recourse) of the Mortgage and send it to you within a reasonable time. You will pay our usual administrative fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by our lawyer or by us. It is your responsibility to register the discharge or assignment on your title and to pay the registration fee.

If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

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7. ADMINISTRATION

In addition to the administration and processing fees set out in other sections of the Mortgage, you also agree immediately to pay us, our then current administration and processing fees in connection with preparing any assumption statement, amending or other agreement statements for information purposes, replacement of cheques where payment has been refused because of insufficient funds or for any other reason in respect of the administration of your Mortgage and to add such fees, if unpaid, to the Loan Amount.

You also agree to immediately pay us our fees for providing any services of an administrative or clerical nature requested by you, including, but not limited to, providing copies of documents from your file, providing duplicate documents, providing an amortization schedule, offsite retrieval of your file or information or documents requested by you, providing a detailed breakdown of your payment history or tax account, audit verification, courier charges, and our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

Such amounts shall be immediately payable by you to us and if you do not pay them, we may add such amounts to the Loan Amount.

The amount of any such fees is subject to change at any time or times without notice to you. The amount of such fees in effect at any particular time is available by visiting www.dbc.ca, or by contacting us.

8. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance to you all or any part of the Principal Amount, then we do not have to do so. This applies even if the Mortgage has been signed and registered and whether or not any part of the Principal Amount has previously been advanced. Even so, by signing the Mortgage you have charged all of your interest in your Property to us and you will pay us, on demand, all of our costs, including lawyers' fees (on a solicitor and client basis) and including expenses, for investigating title to your Property and for preparing and registering the Mortgage. Until paid, such amount (including interest at the Interest Rate) will be added to and form part of the Loan Amount secured by the Mortgage.

9. CERTAIN PROMISES YOU MAKE TO US

(1) **For Owners and Tenants** - You certify and agree with us that:

(a) you will pay the Loan Amount and all taxes including property taxes assessed against your Property to us or the tax office as applicable, and will comply with all other obligations under the Mortgage;

(b) unless you are the tenant of your Property, you are the lawful owner of your Property and there are no encumbrances affecting title to your Property except those that you have disclosed to us in writing;

(c) you have the right to sign the Mortgage and charge your Property;

(d) there are no limitations affecting your interest in and your title to your Property except for any restrictions registered against the title to your Property and except for building and zoning by-laws, with all of which you have complied;

(e) to the best of your knowledge and belief, after reasonable enquiry and investigation:

(i) no part of your Property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and only then if you have given us prior notice of such intended use and we have approved such intended use in writing;

(ii) no part of your Property contains, has ever contained or will in the future contain any hazardous substance which may lower the value of or adversely affect the marketability of your Property; and

(iii) no part of your Property is, or will in the future be, used for any illegal or criminal purpose or activity, including without limitation a brothel, a gaming house, or the cultivation or processing of marijuana or other illegal substances.

We may (but are not obligated to) require you, at your expense, from time to time to obtain an environmental audit of all or any part of your Property, which environmental audit shall be satisfactory to us. However, this audit does not relieve you from your obligations under this Section;

Should your Property be found to contain any hazardous or illegal substances howsoever caused or from any source you will, at your sole expense, immediately carry out all work required to remove the hazardous or illegal substances from your Property and repair the damage to your Property in accordance with plans and proposals which have been prepared in consultation with us and have received our prior written approval. When all such work is complete, you will provide us with confirmation of completion, in whatever form we request. If you fail to comply with any of your obligations under this paragraph, you agree that we may, but are not required to, undertake all or any part of the work we feel is necessary at your sole expense. You will indemnify us against any and all actions, claims, costs and demands relating to hazardous or illegal substances on your Property and any breach of your obligations under this paragraph.

(f) you will, at your expense, sign any other document or take any further action that we, in our opinion, think necessary to ensure that all your interest (both present and future) in your Property has been fully charged to us and that the Loan Amount is adequately secured; and

(g) you will take any action necessary to protect your title to your Property, and will not in any way interfere with our interest in your Property.

(2) **For Tenants** - If you are a tenant of your Property, you also certify and agree with us that:

(a) your Property is leased to you under a valid lease (a copy of which you have given us) and you have good leasehold title to your Property;

(b) all rents and other money payable under the lease have been paid and all of your obligations under the lease have been complied with, in both cases up to the date you sign the Mortgage;

(c) you have the consent of your landlord, or you have the right without his consent, to charge your interest in the lease to us;

(d) there are no limitations on your interest in the lease except for any set out in the lease, restrictions registered against the Property, and any building and zoning by-laws, which in each case, you and your landlord have complied with;

(e) you will pay the rent and other amounts as required by the lease and comply with all your other obligations set out in the lease;

(f) you will not surrender the lease or cause it to be terminated;

(g) you will not make any change in the lease without first obtaining our written consent;

(h) you will promptly give us a copy of any notice, demand or request that you may receive relating to the lease;

(i) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your Property and in the lease has been fully charged to us and that the Loan Amount is adequately secured;

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(j) you will indemnify us against all actions, claims, costs and demands if you default under your lease;

(k) you will hold your Property for the last day of the term of your lease (or of any renewal term) in trust for us and will only deal with it in such manner as we shall require;

(l) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the Mortgage, particularly those referred to in Section 20(1)(d), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the Property and for that person's legal and personal representatives and successors;

(m) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term (and of any renewal) and transfer your interest in the Property as we may require to perfect any sale we may make under Section 20 and, in particular, under Section 20(1)(d); and

(n) we may remove you or any other person as trustee of the trust referred to in Section 9(2)(l) and appoint a new trustee or trustees.

10. DEMOLITION AND ALTERATIONS

(1) **Approval Required** - You agree not to demolish any building or structure or part of any building or structure on your Property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your Property without first obtaining our written approval to your proposed plans and specifications.

(2) **Work** - Any work approved by us in Section 10 (1) must be completed as quickly as possible, at your expense and in accordance with all applicable governmental requirements and building standards. You will provide us, on our request, with proof of payment and compliance with governmental requirements and building standards. You must retain all required construction lien holdbacks. We may obtain an order vacating any construction lien and, if we consider it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we will add them to the Loan Amount.

11. REPAIRS

(1) **Repair** - You must keep your Property in a good condition and state of repair, and carry out all necessary repairs and must not do, or let anyone else do, anything that lowers the value of your Property. You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your Property.

(2) **Disrepair** - If, in our opinion, you do not keep your Property in a good condition and state of repair, or do, or allow anything to be done, that lowers its value, or do not comply with any of your obligations under this Section 11, then we may make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are payable by you immediately and if not paid, will be added to the Loan Amount. You authorize us to enter your Property at all reasonable times to inspect and repair, but we will not become a Mortgagee in possession by exercising these rights.

12. INSURANCE

(Section 12 does not apply if your Property is a single residential condominium unit)

(1) **Insured Risks** - You must insure and keep your Property insured for not less than its full replacement value in Canadian dollars until the Mortgage has been discharged. The risks that you must insure against include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas

burner or sprinkler system or any other comparable apparatus is operated on your Property , then you must also insure it against loss or damage by explosion or otherwise by any such equipment.

(2) **Policies** - All insurance policies must be carried with a company satisfactory to us and contain Mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You will, on our request, give us certified copies of every insurance policy and, at least 15 days before any policy expires, evidence of its renewal.

(3) **Premiums** - We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or money that we pay for insurance will be immediately payable by you to us or added to the Loan Amount if not so paid.

(4) **Proceeds** - If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds, which you now direct the insurance company to pay to us. We may direct, in our discretion, that the insurance proceeds be applied to any one or more of the following uses (in whole or in part): (a) to repair or rebuild your Property; (b) to reduce any part of the Loan Amount, whether due or not, and including an amount to compensate us for loss of interest; or, (c) to be paid to you.

13. TAXES

You will pay all taxes when due. If you do not, we may (but do not have to) pay any or all of such taxes. The amount we pay will be added to the Loan Amount.

14. LEASES AND RENTS

(1) **Approval Required** - If your Property is intended to be used as owner-occupied residential premises you certify and agree that no part of your Property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your Property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to provide at our option.

(2) **Assignment** - You assign to us all Lease Rights. You must obtain our prior written approval for any future leases of your Property or for the renewal of any lease (other than a renewal provided for in any lease).

(3) **Future Leases** - If you lease in the future any part of your Property to another person then, upon our request, you will assign to us, in registrable form acceptable to us, all Lease Rights; and give us security on chattels, fixtures and equipment as we may reasonably require. You must pay all of our expenses, including legal fees and registration costs, relating to such additional security.

(4) **Attorney** - You irrevocably appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

(5) **Not in Possession** - Nothing we do under this Section 14 will put us in possession of your Property. We are not obliged to collect any rent or income from your Property nor to comply with any term of any lease or agreement.

(6) **Unapproved Leasing** - If you lease any part of your Property without our written approval, this will be considered to have been done to discourage us from taking possession of your Property on default or adversely affecting the value of our interest in your Property for the purposes of section 52(1) of the Mortgages Act (as amended or replaced).

15. DEFAULT

A Default occurs, and the Loan Amount will, at our option, become immediately due and payable if:

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(a) you do not make any payment required by the Mortgage (whether or not it is added to the Loan Amount by us);

(b) you do not comply with any of your other obligations under the Mortgage;

(c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the Mortgage (including those contained in Section 9) is untrue;

(d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered on title to your Property;

(e) any buildings being erected on, or additions, alterations or improvements done to, your Property remain unfinished without work being done on it for 10 consecutive days;

(f) your Property is abandoned; or,

(g) you make an assignment in favour of your creditors, or proceedings are brought to declare you bankrupt, or you declare bankruptcy or you make a proposal in bankruptcy.

We have the right to forgive any particular Default by you but if we do so we are not forgiving any other existing or future Default.

16. BUILDING MORTGAGE

(1) **Plans Etc.** - If the Mortgage is used to finance an improvement (meaning any construction or installation on your Property or any alteration, addition or repair to any building or structure on your Property), you agree to make the improvement only in accordance with plans and specifications that we have approved and to complete the improvement as quickly as reasonably possible in accordance with all governmental requirements and building standards that apply to your Property, at your expense, and you will provide us with proof of such compliance when requested.

(2) **Progress Payments** - Subject to Section 8, we may make advances to you under the Mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale. You agree to pay us our then current administration and processing fee for any progress draws. Such amounts shall be immediately payable by you to us and if you do not pay them, we may add such amounts to the Loan Amount.

(3) **Holdbacks** - Whatever the purpose of the Mortgage, we may retain funds from any advance or advances until we are satisfied that the holdback provisions of the Construction Lien Act (as amended or replaced) have been complied with. You authorize us to give information about the Mortgage to anyone who claims a construction lien on your Property. You will also provide us with proof of payment of all amounts owing in connection with the above work.

We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees, shall be immediately payable by you to us and if you do not pay them, we may add such amounts to the Loan Amount.

17. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the Mortgage in all or part of your Property, whether or not we receive any value, and be accountable to you only for money that we actually receive. If we release our interest under the Mortgage in only a part of your Property, the rest of your Property will continue to secure the Loan Amount, and your obligations (and those of any guarantor) under the Mortgage will continue unchanged. If your Property is subdivided, each part of your Property will secure payment of the Loan Amount.

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18. RENEWING OR AMENDING THE MORTGAGE

At our option, the Mortgage may, from time to time, be renewed, extended or amended by written agreement(s) with you, with or without any increase in the Interest Rate. It will not be necessary for us to register the written agreement on title to your Property in order to retain priority for the Mortgage, as renewed or amended, over any other document registered after the Mortgage whether or not there are any other documents registered on title to your Property after the Mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any Borrower or with any other person liable to pay the Loan Amount will not release or affect the liability of anyone who does not sign such written agreement.

19. CERTAIN ACTIONS WE MAY TAKE

(1) **Prior Mortgages** - We may, if we think it is necessary, pay off any encumbrances, claims or liens that rank in priority over (or equally to) the Mortgage. Also, we may pay all expenses that we incur in collecting any payment under the Mortgage that you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses, and until reimbursed they may be added to and form part of the Loan Amount.

(2) **Leases** - If you are a tenant under a lease or other tenancy agreement for your Property, we may cure any default under it. You must immediately reimburse us for all payments and expenses that we incur in doing so.

(3) **Self-Help** - If you do not comply with any of your obligations under the Mortgage, we may, but do not have to, perform those obligations. If you are a tenant of your Property and you do not renew your lease when it gives you that right, we may do so and every renewal shall be subject to the Mortgage. You must immediately reimburse us for all payments and expenses that we have to make, and costs that we incur in taking these steps, and until reimbursed, they will be added to and form part of the Loan Amount.

20. ENFORCING OUR RIGHTS

(1) **Remedies** - If you do not make any payment when required under the Mortgage or do not comply with any of your other obligations under the Mortgage, we may enforce any one or more of the remedies listed below in any order (in addition to any other lawful remedies we may have):

(a) **Collect** - We may take such legal action as is necessary to obtain payment of the Loan Amount.

(b) **Enter** - We may enter on your Property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the Loan Amount.

(c) **Lease** – We may enter on and lease out your Property (or any part of it). We may apply the net proceeds of any lease to reduce any part of the Loan Amount. If the net proceeds do not pay the Loan Amount in full, you must pay us the difference.

(d) **Power of Sale** - If your default continues for 15 days we may, on at least 35 days' written notice to you as required by Part III of the Mortgages Act (as amended or replaced), enter on and sell your Property (or any part of it). Any sale may be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as may be obtained. We may apply the net proceeds of any sale to reduce any part of the Loan Amount. If the net proceeds do not pay the Loan Amount in full, you must pay us the difference.

(e) **Receiver** - We may appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from your Property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any money received by the receiver except to the extent that we actually receive any such money. The receiver may use every available remedy that we have under the Mortgage to collect the income from your Property, take possession of the whole or part of your Property, manage your Property and keep it in

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good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your Property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to (or equally with) the Mortgage in good standing; pay interest owing under the Mortgage; and, pay all or any part of the Loan Amount whether it is due or not.

(f) **Foreclosure or Sale** - We may take court proceedings to foreclose and take your interest in your Property. If we obtain a final order of foreclosure from the court, your Property will belong to us. We may also ask the court to order the sale of your Property under its supervision. If the amount we receive from the sale of your Property is less than the Loan Amount, you must pay us the difference.

(g) **Cure Any Defaults** - We may cure any defaults under the Mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

(2) **Non-Interference** - If, in enforcing our remedies, we take possession of your Property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person that your Property may be leased or sold to, and you will not make any claim against any person your Property may be leased or sold to.

(3) **Expenses** – You must immediately pay all of the costs and expenses that we incur in enforcing any of our remedies, and until paid they will be added to the Loan Amount. These expenses include our legal fees on a solicitor and client basis, all costs that we have to pay to protect and preserve our interests (including the Property and the Mortgage) and to enforce any of our remedies under the Mortgage, as well as a reasonable allowance for the time and services of our employees.

(4) **Delaying Enforcement** - Our rights will not be affected if we delay in enforcing any of our rights under the Mortgage or give you or anybody else an extension of time. We may still insist that you make all payments on time and comply with your obligations and require payment of the Loan Amount if you are in default. If you do not pay the Loan Amount when due, we are not obliged to accept subsequent payment of it unless you also pay to us the interest due on it to the date of the subsequent payment.

(5) **Judgments** - If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the Mortgage, including our right to receive interest as required by the Mortgage.

21. CONDOMINIUM

(If your Property is a condominium unit, you must also comply with Section 21 in addition to all other provisions of the Mortgage except Section 12.)

In this Section: the **"Act"** means the Condominium Act (as amended or replaced); and, **"condominium corporation"** means the corporation created by the registration of a declaration under the Act.

(1) **Compliance with the Act, etc.** - You will comply with the Act and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

(2) **Payment of Amounts and Common Expenses** - You will pay all amounts required by the Act, and by the declaration and by-laws of the condominium corporation, on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments that you are obligated to pay, we may (but are not obligated to) , do so on your behalf. You will immediately reimburse us for all payments that we have to make, and costs that we incur in taking these steps, and until reimbursed, they will be added to and form part of the Loan Amount.

(3) **Notices and Demands** – On our request, you will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days after you receive them.

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(4) Voting Rights

(a) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the Act to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the Property or assets of the condominium corporation or the termination of the application of the Act to the condominium corporation.

(b) We may wish to use our rights to vote or consent and if we do, we will notify you and the condominium corporation, in which case you may not vote or consent. Our wish to vote or consent may be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests or for the way we vote or consent or fail to do so.

(5) **Default** - At our option, the Loan Amount will become payable immediately if:

(a) government of the property of the condominium corporation under the Act is terminated;

(b) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;

(c) the condominium corporation fails to comply with the Act, declaration, by-laws or rules and regulations;

(d) the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost;

(e) the condominium corporation fails, in our opinion, to carefully and properly manage the condominium property and assets or to maintain its assets in good repair; or

(f) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

(6) **Insurance** – The condominium corporation must obtain the insurance that is required of it under the Act, and you will ensure that it does so. In addition, you must insure all improvements to your Property against loss or damage by fire and, as well, against such additional risks as we may require. The insurance company or companies must be approved by us. You or the condominium corporation or both must assign and transfer the policy or policies of insurance and proceeds thereof to us. You will provide us evidence of renewal at least 15 days before any insurance is terminated. If the insurance required by the Mortgage is not obtained or maintained, we may (but do not have to) insure the buildings or improvements, and you will pay to us the cost we incur in doing so. You must, if we ask for them, give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the Loan Amount whether or not yet due. The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

22. DUE ON SALE OR MORTGAGE; NO RELEASE

In this Section:

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"Charge" means to give, permit or suffer a charge, mortgage, charge security interest, lien or other encumbrance with respect to your Property.

"Transfer" means: (a) to transfer, sell or otherwise dispose of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise) any registered or beneficial interest in your Property (or any part of it); or, (b) to change the effective voting control of any person or entity comprising the Borrower (or any beneficial or unregistered owner of any part of the Property) from what it was when the first advance of the Loan Amount was made (including any change of ownership of 50% or more of the voting securities representing an interest in any such person or entity).

"Transferee" is a person or other entity to whom a Transfer or Charge is made.

(1) **Transfer or Charge** - If you Transfer or Charge your Property (or agree to do so) without first obtaining our written approval, the Loan Amount will, at our option, immediately become payable in full. If we accept any payment(s) from any Transferee whom we have not first approved of in writing, this will not mean that we have given our prior written approval or that we have given up our right to require you to pay the Loan Amount in full.

(2) **Approval** - You will give us sufficient information to enable us to decide whether we should give our written approval to a Transfer or Charge. We will not withhold our approval unreasonably. Should you exercise this privilege, there may be an administration and processing fee payable. Such amounts shall be immediately payable by you to us and if you do not pay them, we may add such amounts to the Loan Amount.

(3) **No Release** – Despite a Transfer or Charge of your Property with our approval, you (and any guarantors) will remain liable under the Mortgage (and their guarantees` unless we, in writing, expressly release you (and any guarantors).

23. ASSUMPTION

If you are not the original Borrower, you agree to be bound by all obligations of the original Borrower under the Mortgage as if you had signed the mortgage.

24. INSPECTION

If we, CMHC or GENWORTH (if this is a CMHC or GENWORTH insured mortgage), or our respective agents have reason to believe that your Property does not comply with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, GENWORTH or our respective agents may, at any time, before or after default, enter and inspect your Property and conduct any environmental testing, site assessment, investigation or study that we, CMHC or GENWORTH consider necessary. The reasonable cost of this testing, assessment, investigation or study will be immediately payable by you to us and, until paid, will be added to the Loan Amount secured by the Mortgage. We, CMHC or GENWORTH and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

Should your Property be found to contain any hazardous substances howsoever caused or from any source, you will, at your sole expense, immediately carry out all work required to remove the hazardous substances from your Property and repair the damage to your Property in accordance with plans and proposals which have been prepared in consultation with us and have received our prior written approval. When all such work is complete, you will provide us with confirmation of completion, in whatever form we request. If you fail to comply with any of your obligations under this paragraph, you agree that we may, but are not required to, undertake all or any part of the work we feel is necessary at your sole expense. You will indemnify us against any and all actions, claims, costs and demands relating to hazardous substances on your Property and any breach of your obligations under this paragraph. We, CMHC or GENWORTH and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

25. EXPROPRIATION

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If your entire Property is expropriated, the Loan Amount will immediately become due and payable together with loss of interest including any prepayment penalty amounts payable to us under the Mortgage, if applicable.

If only a part of your Property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the Loan Amount. If, in our opinion, the remainder of your Property does not constitute adequate security for the Loan Amount, then the Loan Amount, or such part of the Loan Amount as we determine, will immediately become due and payable together with loss of interest including any prepayment penalty amounts payable to us under the Mortgage, if applicable.

26. GUARANTEE

(1) **Guarantee** - In return for our having made a loan to the Borrower (which in the Mortgage includes the Borrower's heirs, executors, successors and assigns), each person who signs the Mortgage as guarantor, as principal debtor and not as surety, agrees with us to pay to us the Loan Amount as and when required by the Mortgage and to observe and perform all other obligations of the Borrower under the Mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the Borrower and with each other for complying with all obligations under the Mortgage.

(2) **Extensions Etc.** - We may (at any time and from time to time, without the consent of or notice to any guarantor): give any extension of time for payment (including renewals); give any other extension; deal with any additional security; give releases or discharges; vary, increase or decrease the interest rate; amend the terms of the Mortgage; and, generally deal with all matters affecting the Mortgage and the obligations of the Borrowers without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain payment from the Borrower. All obligations of any guarantor shall also be those of the guarantor's heirs, executors, successors or personal representatives, and will not be altered by the bankruptcy of the Borrower or any guarantor.

27. RESERVATION OF RIGHTS

Any material change in the conditions of the Mortgage, such as an extension of time for payment, renewal, or change in the Interest Rate, will not lessen the obligations of any person (including any guarantor) who does not join in such amending agreement.

28. FAMILY LAW ACT

You certify to us that all information that you have given to us in connection with this mortgage loan about your marital status and about your Property being or not being a matrimonial home, and the family law statement made in the Charge Form, was and is completely true.

29. WHO IS BOUND

The Mortgage is binding on you, us and our respective heirs, administrators, executors, successors and assigns, and anyone to whom the Property is transferred. The Mortgage is for the benefit of us and our assigns and successors. If more than one person signs the Mortgage as Borrower, then all persons who sign are jointly and individually liable to comply with all obligations of the Borrower under the Mortgage. If any borrower or guarantor is a female or a corporation, then the Mortgage will be read with all necessary grammatical changes.

30. PARTICIPATIONS

(1) **Participations** - We may, at any time, sell, transfer, finance, securitize, insure or assign our interest as lender in the Mortgage and the Loan Amount and any servicing rights with respect to them, or any interest in them, or grant participations in them (collectively, "**Participations**") or issue mortgage passthrough certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement (collectively, "**Securities**"). In connection with the contemplated or actual Participations or Securities, personal information relating to the obligations, your Property or to you or any guarantor may be used by us and disclosed to any prospective or actual purchaser, transferee, financer, securitizer, insurer,

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assignee, servicer, participant or investor (collectively, "**Investor**"), or any rating agency rating such Securities ("**Rating Agency**"), or any organization maintaining databases on the underwriting and performance of commercial mortgage loans ("**Database Organization**"), for the purposes of evaluating and/or performing the proposed transaction. You consent to these purposes which include:

- permitting those parties to determine whether to proceed or continue with the transaction;
- fulfilling reporting, inspection or audit requirements or obligations to those parties; and,
- permitting the use and disclosure of your personal information by those parties (for example, assignees) for substantially the same purposes as we are permitted to use and disclose your personal information.

(2) **Co-Operation** - You and any guarantor consent to co-operating with us in connection with any Participations or Securities, including by: delivering a status statement and such other documents as we may reasonably request for the identified purposes; furnishing, and permitting us to furnish to Investors, Rating Agencies and Database Organizations any personal information required to fulfil the identified purposes.

31. U.S.A. RESIDENT

You must advise us whether you are a resident of the United States of America ("U.S.A.") at the time of application for a mortgage, or if you become a U.S.A. resident at any time during the term of the Mortgage. If you are a resident of the U.S.A for tax purposes, or if during the term of the Mortgage you become a resident of the U.S.A. for tax purposes, a tax may be imposed by the U.S.A. taxing authorities in connection with your payment of interest to us as well as on related prepayment charges. In such case, in order to offset any such tax liability, we reserve the right to apply a factor to the Interest Rate on your Mortgage as follows. The Interest Rate on your Mortgage, as determined based on our normal lending criteria and rates, will be multiplied by a factor of 1.1111 (the "U.S.A. Factor") in order to obtain the modified interest rate to be used for the calculation of payments under the Mortgage (the "Modified Interest Rate"). Your Payments under the Mortgage will be calculated and collected by us based on the Modified Interest Rate which will allow us to collect additional funds from you to offset our obligations to remit any such tax to the U.S.A. tax authorities. The U.S.A. Factor, however, is subject to change at anytime during the term of your Mortgage if the Government of the U.S.A., or any authorized taxing authority therein, makes a change to the amount of tax to be paid.

Examples:

If you are a resident of the U.S.A. at the time that the Mortgage is initially entered into and the normal lending rate is 6.250% per annum, your Interest Rate will be 6.944% per annum (i.e., 6.250% x 1.1111); or

If you become a resident of the U.S.A. during the term of the Mortgage and the existing Interest Rate under your Mortgage at the time you become a resident of the U.S.A. is 6.250% per annum, your new Interest Rate will be 6.944% per annum (i.e., 6.250% x 1.1111).

32. MISCELLANEOUS

(1) **Severability** - If any provision of the Mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

(2) **Headings Etc.** - Headings and the table of contents in the Mortgage do not form part of the Mortgage but are used only for easy reference. Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders.

(3) **CMHC** - All CMHC insured Mortgages are made in pursuance of the National Housing Act (Canada), as amended from time to time.

(4) **Implied Covenants** - The covenants set out in section 7(1) of the Land Registration Reform Act (as amended or replaced) are excluded from the Mortgage.

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(5) **Warranties (Tarion)** - If the Ontario New Home Warranties Plan Act (as amended or replaced) applies to your Property, you agree to comply with its requirements and to reimburse us for any costs that we incur in complying or enforcing your rights on your behalf if you fail to do so.

(6) **Doctrine of Consolidation** - The doctrine of consolidation will apply to the Mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

33. SAMPLE CALCULATION

(1) **Formula** - Use this formula to calculate the interest on any amount for any period:

$$\text{Principal} \times \frac{\text{Interest rate}}{100} \times \frac{\text{Number of days in the period}}{365 \text{ (or 366 in a leap year)}}$$

The amount on which you are calculating interest is called the principal and the interest rate is interest at the Interest Rate under Section 3(4) for a Fixed Rate Mortgage or Section 3(5) for a Variable Rate Mortgage.

(2) **Example** - Assume that: you wish to calculate the interest on $500,000 from May 1 to June 1 of the same year; the interest rate was 8% on May 1; and the year is not a leap year.

In calculating the period from May 1 to June 1 of the same year, include the first date but exclude the second date, so that the number of days is 31.

The formula for calculating the interest on the principal from May 1 to June 1 is:

$$\$500{,}000 \times \frac{8}{100} \times \frac{31}{365} = \$3{,}397.26$$

Assume that the $500,000 in this example is the Principal Amount outstanding on May 1 and that nothing else is owing on that day. Assume that there is a monthly loan payment of $5,000. The payment on June 1 is applied as follows:

Payment Amount	$5,000.00
To pay interest from May 1 to June 1	-3,397.26
To reduce the Principal Amount	$1,602.74

On June 1, the $500,000 Principal Amount would be reduced by $1,602.74 to $498,397.26.

However, if the monthly loan payment had been only $3,300, since the accrued interest was greater than the amount of the payment, all of the payment would have been applied on June 1 against interest. The Principal Amount would not be reduced and would remain at $500,000. The remaining interest owing of $97.26 would be deferred interest as provided under Section 3(8) above. On the next payment date on July 1, interest will be calculated on both the outstanding (unreduced) Principal Amount of $500,000 and on the deferred interest of $97.26.

34. EQUIVALENT INTEREST RATES

If the Interest Rate in your mortgage is calculated monthly, not in advance, you may determine the equivalent interest rate calculated semi-annually, not in advance, by referring to the table below.

Interest Rate Calculated Monthly Not in advance (%)	Equivalent Interest Rate Calculated Semi-Annually Not in Advance (%)	Interest Rate Calculated Monthly Not in Advance (%)	Equivalent Interest Rate Calculated Semi-Annually Not in Advance (%)
2.000	2.008	14.000	14.415
2.125	2.134	14.125	14.547
2.250	2.261	14.250	14.680
2.375	2.387	14.375	14.812
2.500	2.513	14.500	14.945
2.625	2.639	14.625	15.078

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Interest Rate Calculated Monthly Not in advance (%)	Equivalent Interest Rate Calculated Semi-Annually Not in Advance (%)
2.750	2.766
2.875	2.892
3.000	3.019
3.125	3.145
3.250	3.272
3.375	3.399
3.500	3.526
3.625	3.652
3.750	3.779
3.875	3.906
4.000	4.033
4.125	4.161
4.250	4.288
4.375	4.415
4.500	4.542
4.625	4.670
4.750	4.797
4.875	4.925
5.000	5.052
5.125	5.180
5.250	5.308
5.375	5.436
5.500	5.563
5.625	5.691
5.750	5.819
5.875	5.947
6.000	6.076
6.125	6.204
6.250	6.332
6.375	6.460
6.500	6.589
6.625	6.717
6.750	6.846
6.875	6.974
7.000	7.103
7.125	7.232
7.250	7.360
7.375	7.489
7.500	7.618
7.625	7.747
7.750	7.876
7.875	8.005
8.000	8.135
8.125	8.264
8.250	8.393
8.375	8.522
8.500	8.652
8.625	8.781
8.750	8.911
8.875	9.041
9.000	9.170
9.125	9.300
9.250	9.430
9.375	9.560
9.500	9.690
9.625	9.820
9.750	9.950
9.875	10.080
10.000	10.211
10.125	10.341
10.250	10.471
10.375	10.602
10.500	10.732
10.625	10.863
10.750	10.994
10.875	11.124
11.000	11.255
11.125	11.386
11.250	11.517
11.375	11.648
11.500	11.779

Interest Rate Calculated Monthly Not in Advance (%)	Equivalent Interest Rate Calculated Semi-Annually Not in Advance (%)
14.750	15.211
14.875	15.344
15.000	15.477
15.125	15.610
15.250	15.743
15.375	15.876
15.500	16.009
15.625	16.143
15.750	16.276
15.875	16.409
16.000	16.543
16.125	16.677
16.250	16.810
16.375	16.944
16.500	17.078
16.625	17.212
16.750	17.345
16.875	17.480
17.000	17.614
17.125	17.748
17.250	17.882
17.375	18.016
17.500	18.151
17.625	18.285
17.750	18.419
17.875	18.554
18.000	18.689
18.125	18.823
18.250	18.958
18.375	19.093
18.500	19.228
18.625	19.363
18.750	19.498
18.875	19.633
19.000	19.768
19.125	19.903
19.250	20.039
19.375	20.174
19.500	20.310
19.625	20.445
19.750	20.581
19.875	20.716
20.000	20.852
20.125	20.988
20.250	21.124
20.375	21.260
20.500	21.396
20.625	21.532
20.750	21.668
20.875	21.804
21.000	21.940
21.125	22.077
21.250	22.213
21.375	22.350
21.500	22.486
21.625	22.623
21.750	22.760
21.875	22.896
22.000	23.033
22.125	23.170
22.250	23.307
22.375	23.444
22.500	23.581
22.625	23.719
22.750	23.856
22.875	23.993
23.000	24.131
23.125	24.268
23.250	24.406
23.375	24.543
23.500	24.681

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Interest Rate Calculated Monthly Not in advance (%)	Equivalent Interest Rate Calculated Semi-Annually Not in Advance (%)
11.625	11.910
11.750	12.041
11.875	12.173
12.000	12.304
12.125	12.435
12.250	12.567
12.375	12.698
12.500	12.830
12.625	12.962
12.750	13.094
12.875	13.225
13.000	13.357
13.125	13.489
13.250	13.621
13.375	13.753
13.500	13.885
13.625	14.018
13.750	14.150
13.875	14.282

Interest Rate Calculated Monthly Not in Advance (%)	Equivalent Interest Rate Calculated Semi-Annually Not in Advance (%)
23.625	24.819
23.750	24.957
23.875	25.095
24.000	25.232
24.125	25.371
24.250	25.509
24.375	25.647
24.500	25.785
24.625	25.923
24.750	26.062
24.875	26.200

* * *

Dated as of September 18, 2006.

Dundee Bank of Canada
By:

Name: Karen D. Young
Title: Vice-President, Chief Legal and Compliance Officer

I have authority to bind the corporation

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STANDARD CHARGE TERMS
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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200632 Cote
Filing Date 22nd Sept/2006 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

COMMERCIAL
MORTGAGES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS
Industrial/Commercial/Investment Loans

Filed by: CIBC Mortgages Inc.
Filing No.: Filing Date:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act, except to the extent that the provisions of this set of standard charge terms are modified by additions, amendments or deletions in the Schedule if any.

1. DEFINITIONS

In this set of standard charge terms:

Act means the *Land Registration Reform Act, R.S.O. 1990, c.L.4*, (as amended or replaced);
Balance Due Date means the balance due date set out in the Registered Document;
Charge, when used as a noun, means a Charge/Mortgage of Land, any Schedules attached to it, and this set of standard charge terms;
Chargor means each person who signs the Charge as chargor;
Condominium Act means the *Condominium Act*, S.O. 1998, c.19 (as amended or replaced);
Condominium Corporation means the corporation created by the registration under the *Condominium Act* of a Declaration in respect of the Property;
CMHC means Canada Mortgage and Housing Corporation;
Costs means all amounts (other than the Principal Amount and interest) that the Chargor must pay under this Charge;
Declaration means the declaration (as amended or replaced from time to time) which, together with a description, was registered under the *Condominium Act* to create the Condominium Corporation;
Event of Default means any of the events or circumstances listed in paragraph 28;
First Payment Date means the first payment date specified in the Registered Document;
Fixtures means (i) all fixtures and growing things in, on, under or in relation to the Property and (ii) all real or personal property whatsoever (whether affixed, mobile or stationary) which is now or later attached to or placed, installed or erected in, on or under the Property, including without limitation: all structures, additions, improvements, fences, plant, machinery, motors, furnaces, boilers, pressure vessels, oil and gas burners, stokers, blowers, water heaters, tanks, electric light fixtures, sprinklers, gas pipes, wiring, radiators, shutters, awnings, fixed mirrors, window blinds, wall-to-wall floor coverings, screen and storm doors and windows, aerials, television antennae, satellite dishes, refrigerators, stoves, air conditioning, ventilating, plumbing, electrical, lighting, cooling, heating, cooking and refrigeration equipment, computers, telecommunications systems, security systems, elevators, central vacuum systems, and all apparatus and equipment appurtenant to the Property;
Guarantor means each party who signs the Charge as guarantor, and their heirs, executors, administrators, trustees, successors and assigns;
GEMI means GE Capital Mortgage Insurance Company (Canada);
Indebtedness means the total of (i) the Principal Amount, (ii) interest on the Principal Amount at the Interest Rate, (iii) interest on unpaid interest and unpaid Costs at the Interest Rate, and (iv) Costs;
Interest Adjustment Date means the interest adjustment date set out in the Registered Document;
Interest Rate has the meaning specified in paragraph 4 if this is a fixed rate charge, and in paragraph 5 if this is a variable rate charge;
Lease means, in respect of any part of the Property in which the Chargor has a leasehold interest, the lease under which such leasehold interest is created and any lease with respect to all or any part of the Property which may be entered into in replacement or renewal of such lease, as any of the foregoing may be amended from time to time;
Lender means CIBC Mortgages Inc., as chargee;
Lien means any mortgage, charge, lien, assignment, security interest, execution, attachment or other encumbrance (whether given by statute or otherwise);
Obligor means any Chargor or Guarantor, and if no party signs the Charge as Guarantor, "Obligor" means any Chargor;
Paragraph refers to a numbered paragraph in this set of standard charge terms;
Payment Date means the day of the month set out in the Registered Document;
Prime Rate means the variable reference rate of interest per year declared by the Canadian Imperial Bank of Commerce from time to time to be the Canadian Imperial Bank of Commerce's prime rate for Canadian dollar commercial loans made in Canada;
Principal Amount means the amount set out in the Registered Document;

Property means the land described in the Registered Document, as well as all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements. If the Property is a condominium unit, Property includes the common elements and any other interest that the Chargor may have in the assets of the Condominium Corporation, and references to the "Property" mean all or any part of it;

Registered Document means for the non-electronic paper based registration system, the Form 2 Charge/ Mortgage of Land that the Chargor signs to give this Charge, and any Schedules attached to it, or, for the electronic registration system, the Charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act; and

Schedule means any schedule attached to the Charge/Mortgage of Land.

2. EXCLUSION OF STATUTORY COVENANTS

The covenants deemed to be included in a charge by the Act are excluded from the Charge.

3. SECURITY

The Chargor:

(a) if the Chargor has a freehold interest in the Property, charges the Property and the Chargor's present and future interest in the Property to the Lender; or

(b) if the Chargor has a leasehold interest in the Property, charges and subleases the Property and the Chargor's present and future interest in the Property to the Lender for and during the unexpired residue of the term of each Lease, except the last day thereof, and all other estate, term, right of renewal and other interest of the Chargor in each Lease;

to secure payment of the Indebtedness and performance of the Chargor's other obligations under the Charge.

4. FIXED INTEREST RATE (Applicable only to fixed rate charges)

The Interest Rate payable by the Chargor is specified in the Registered Document and is calculated semi-annually not in advance. The first semi-annual calculation of interest after the Interest Adjustment Date will be for the six month period commencing on that date. The calculation will be made six months after the Interest Adjustment Date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the Indebtedness at this rate both before and after the Balance Due Date, default and judgment, until the Indebtedness has been paid in full.

5. VARIABLE INTEREST RATE (Applicable only to variable rate charges)

(a) Interest Rate

The Interest Rate payable by the Chargor specified in the Registered Document is a variable rate per annum equal to the Prime Rate for commercial loans plus a certain number of percentage points per annum specified in the Registered Document. The Interest Rate will vary each time there is a change in the Prime Rate for commercial loans, without any notice to the Chargor. At any particular time, the Interest Rate chargeable under the Charge is called the "current rate". Interest is payable monthly, calculated monthly not in advance and is payable on the Indebtedness both before and after the Balance Due Date default and judgment, until the Indebtedness has been paid in full.

Paragraph 45 shows equivalent interest rates calculated semi-annually not in advance for current rates calculated monthly not in advance.

(b) How to Determine the Interest Rate

The Prime Rate and the current rate payable on the Indebtedness remain in effect until varied as provided under paragraph 5(a). Within a reasonable time after each change in the Prime Rate, the Lender may mail to the Chargor, at the Chargor's last known address according to the Lender's records, a notice of the changed Prime Rate, its effective date, the current rate and its equivalent, calculated semi-annually not in advance. The Interest Rate will still vary under paragraph 5(a) even if the Lender fails to send the Chargor such a notice or the Chargor fails to receive it. The Prime Rate in effect at any time is available at any branch in Canada of Canadian Imperial Bank of Commerce.

(c) Deferred Interest

The amount of interest that has accumulated on the Indebtedness from one regular payment to the next which exceeds the regular payment is called "deferred interest". Interest at the current rate will be charged on the deferred interest from and including such Payment Date. On the next Payment Date, all interest which has accumulated on deferred interest from the previous Payment Date shall be added to and become deferred interest and will itself bear interest from and including the Payment Date at the current rate. The amount of deferred interest outstanding from time to time may be obtained by contacting the Lender.

6. COMPOUND INTEREST

If the Chargor does not make the regular payment or other payment when required by the Charge, the Lender will charge interest, at the rate provided for in the Charge (called "compound interest") both before and after the Balance Due Date set out in the Registered Document, default and judgment on all overdue amounts (including interest). This additional interest must be paid by the Chargor immediately when the Lender requires, both before and after the Balance Due Date, default and judgment.

7. PAYMENT

The Chargor agrees:

(a) to pay the Indebtedness to the Lender at its head office in Toronto or any other place designated by the Lender from time to time;

(b) to pay the Lender interest at the Interest Rate on the amounts of the Principal Amount from time to time advanced, computed from the respective dates of such advances, which payments shall be made on the Payment Date in the month next following the month in which the first such advance is made and on the Payment Date in each and every month thereafter to and including the Interest Adjustment Date;

(c) to pay the Lender the Principal Amount, together with interest thereon at the Interest Rate computed from the Interest Adjustment Date, in equal monthly instalments, each being in the amount specified in Registered Document which payments shall be made on the First Payment Date and on the Payment Date in each and every month thereafter to and including the Last Payment Date; and

(d) to pay the Lender, on the Balance Due Date, the then balance of the Indebtedness.

8. APPLICATION OF PAYMENTS

Except as otherwise agreed in writing, payments or other moneys received by the Lender may be applied by it on any part of the indebtedness determined by it from time to time, notwithstanding any contrary stipulation by the Chargor.

The Lender may from time to time revoke or alter any such application and reapply the amount in question on any other part of the Indebtedness determined by it.

9. PRE-AUTHORIZED CHEQUING

The Chargor agrees to execute any documents necessary to permit the Lender to deduct payments directly from the Chargor's bank account and it is hereby agreed that this covenant forms a material consideration in the granting of this Charge. The Lender will be entitled to require the Chargor to pay the Lender a minimum processing fee of $100.00 for each NSF cheque issued by the Chargor.

10. PREPAYMENT

(a) **Applicable only to fixed rate charges:**
The Chargor has no prepayment rights.

(b) **Applicable only to variable rate charges:**
The Chargor may, if not in default, prepay on any Payment Date up to 20% of the Principal Amount annually without notice or penalty. This privilege shall be non-cumulative.

Except for the above noted non-cumulative prepayment privilege, this loan is closed for the term.

11. CONVERSION (Applicable only to variable rate charges)

The Chargor may, if not in default, convert to a fixed rate of interest at any time for a term then to be established and at a rate of interest to be determined by adding a spread to the yield on the bid side Government of Canada Cash Bond for the relevant term, both as determined by the Lender in its sole discretion, subject to the ongoing maintenance of an acceptable debt service coverage and further subject to the Chargor signing an amending agreement in a form acceptable to the Lender, in its sole discretion, which among other terms, shall confirm the amended rate and term and shall confirm that upon conversion, the Chargor shall have no right to prepay any amount owing under the Mortgage as amended and payment to the Lender of the Lender's current conversion fee. All legal fees incurred will be the responsibility of the Chargor.

12. DESIGNATED AMOUNT (Applicable only to variable rate charges)

If the aggregate of (a) the Indebtedness (which for greater certainty includes deferred interest); and (b) any money owing on any charge ranking prior to or equal to the Charge exceeds the designated amount specified in the Registered Document (the "Designated Amount"), all money payable under the Charge shall, at the option of the Lender, become immediately due and payable. With the written consent of the Lender, the Chargor may increase the amount of the monthly payments in order to prevent the aggregate amount above from exceeding the Designated Amount.

13. ADVANCES

If the Lender decides, for any reason, not to advance all or any part of the Principal Amount, it shall not be required to do so whether or not the Charge has been signed and registered and whether or not any part of the Principal Amount has been previously advanced. Whether or not any part of the Principal Amount is advanced, the Chargor shall immediately pay the Lender all of the Lender's costs, including lawyers' fees (on a solicitor and his own client basis), and expenses for investigating title to the Property and for preparing, signing and registering the Charge and any other related instruments.

14. RENEWING OR AMENDING CHARGE

The Charge (or any agreement referred to in this paragraph) may from time to time be renewed or amended by one or more written agreements with the Chargor, or with any successor or successors in title to the Chargor, with or without any increase or decrease in the Interest Rate or extension of time for payment. Whether or not there are any other instruments registered on title to the Property after the Charge at the time any such written agreement is entered into, it will not be necessary for the Lender to register the written agreement on title to the Property in order to retain priority for the Charge as renewed or amended, over any other instrument registered after the Charge. The Chargor acknowledges that the provisions of this paragraph shall not confer any right of renewal upon the Chargor.

15. ADDITIONAL SECURITY, JUDGMENTS

The Charge is in addition to and not in substitution for any other security now or later held by the Lender for all or any part of the Indebtedness. The Chargor agrees that the Charge shall not create any merger or discharge of any part of the Indebtedness or any other debt owing to the Lender or of any Lien, bond, promissory note, bill of exchange or other security now or later held by the Lender (whether from the Chargor or any other person). The Chargor further agrees that the Charge shall not in any way affect any other security now or later held by the Lender for all or any part of the Indebtedness or the liability of any endorser or any other person, or any of the Lender's remedies, in respect of any such Lien, bond, bill of exchange, promissory note or other security, or any renewal thereof, held by the Lender for or on account of all or any part of the Indebtedness.

In addition to any other security granted by the Chargor to the Lender in connection with the Charge, the Chargor hereby grants to the Lender a security interest in any and all personal property, including but not limited to, equipment, inventory, and fixtures owned by the Chargor and located on the property.

The taking of a judgment or judgments against the Chargor in respect of any of the agreements or obligations contained in the Charge, or in respect of all or any part of the Indebtedness, or otherwise, shall not operate as a merger of such agreements or obligations or all or any part of the Indebtedness, or operate as a merger of or in any other way affect the security created by the Charge or any other security or the Lender's right to pursue the Lender's other remedies or to enforce the Chargor's other obligations (whether hereunder or otherwise) or the Lender's right to interest on the Indebtedness at the Interest Rate. Any such judgment may provide that interest thereon shall be computed at the Interest Rate until such judgment is fully paid and satisfied.

16. DELAY, RELEASES, PARTIAL DISCHARGES, WAIVERS AND AMENDMENTS

The Lender may increase, reduce, discontinue or otherwise vary the Chargor's credit arrangements, grant extensions of time or other indulgences, take and give up securities, abstain from taking, perfecting or registering securities, accept compositions and proposals, grant releases and discharges and otherwise deal with the Chargor and other persons (including without limitation any person to whom all or any part of the Property is transferred) and with any securities as the Lender may see fit without affecting any of the Lender's rights or remedies (hereunder or otherwise), the Chargor's liability under the Charge or the Chargor's liability to pay the Indebtedness. The Lender may delay enforcing any of its rights under the Charge or any other document relating to the Indebtedness without losing or impairing those rights and may waive any breach of the Chargor's obligations under the Charge or any such document without affecting the Lender's rights in respect of any other existing breach or any subsequent breach of the same or a different nature. No such waiver shall be effective unless made in writing and signed by an officer of the Lender. The Lender may release others from any liability to pay all or any part of the Indebtedness without releasing the Chargor. The Lender may release its interest under the Charge in all or any part of the Property or any Lease (or any other collateral) whether or not the Lender receives any value, and shall be accountable to the Chargor only for moneys which the Lender actually receives. If the Lender releases its interest in part of the Property, the remainder of the Property shall continue to secure the Indebtedness in an amount not exceeding the Indebtedness and the Chargor's obligations under the Charge will continue unchanged. No sale or other dealing with all or any part of the Property or any Lease, and no amendment of the Charge or any other security, agreement or instrument, and no amendment relating to the Indebtedness, will in any way affect the obligation of the Chargor or any other person to pay the Indebtedness.

17. SALE OR LEASE

If the Chargor sells, transfers, leases or otherwise disposes of all or any part of the Property or any Lease or any interest in any of the foregoing, or agrees to do so, without the Lender's prior written approval, the Indebtedness shall forthwith become due and payable at the Lender's option. Acceptance by the Lender of any payments from such purchaser or transferee not approved in writing by the Lender shall not constitute approval or waiver under this paragraph.

18. REPRESENTATIONS, WARRANTIES AND AGREEMENTS RESPECTING THE PROPERTY

(a) The Chargor represents, warrants and agrees with the Lender that:

- (i) unless the Chargor is the lawful tenant or lessee of the Property, the Chargor is the lawful owner of the Property and has a good and marketable title in fee simple free of any Liens or claims except any the Chargor has reported to the Lender in writing which the Lender has accepted in writing;
- (ii) the Chargor has the right to execute and deliver the Charge and to charge the Property and the Chargor's interest in it to the Lender in accordance with the terms hereof;
- (iii) the Chargor has not done, omitted or permitted anything whereby the Property or any Lease or the Chargor's interest in it or any part of it is or may be subject to any Lien or claim except any the Chargor has reported to the Lender in writing which the Lender has accepted in writing;
- (iv) there are no limitations affecting title to the Chargor's interest in the Property, except any the Chargor has reported to the Lender in writing and except for building and zoning by-laws which have been and will continue to be complied with or with respect to which the Property is a legal non-conforming use;
- (v) the Chargor shall, from time to time, sign any document and take any further action at the Chargor's expense as the Lender may think necessary in order to carry out the intention of the Charge;
- (vi) no part of the Property is, has ever been or will in the future be insulated with urea formaldehyde foam insulation;

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(vii) The Chargor agrees to manage the Property at all times in a sound, prudent and business-like manner;

(viii) The Chargor shall promptly observe, perform and execute and comply with:

(a) all laws, rules, requirements, orders, directions, ordinances and regulations of every governmental authority or agency concerning the Property including, but not limited to, any rent control legislation in effect from time to time that may related to any buildings on the property, and

(b) all private covenants and restrictions affecting the Property.

The Chargor further agrees at its own cost and expense to make any and all repairs, alterations and improvements ordinary or extraordinary, which may be required at any time hereafter by any such present or future law, rule, requirement, order, direction, ordinance, regulation, covenant or restriction.

(ix) on default under the Charge, the Lender shall have quiet possession of the Property free from all Liens and claims, except any referred to herein which have been reported to the Lender in writing which the Lender has accepted in writing; and

(x) all obligations owed by the Chargor to Revenue Canada on account of GST and source deductions required to be withheld by employers pursuant to the *Income Tax Act*, the *Employment Insurance Act*, the *Excise Tax Act*, and any other applicable legislation (the "obligations") are up to date and have been paid in full. Where more than one advance is anticipated, the Chargor further represents, warrants and agrees to provide satisfactory evidence to the Lender, prior to each advance, that any such obligations are up to date and have been paid in full.

(b) If the Chargor is a tenant or lessee of the Property, the Chargor also represents, warrants and agrees with the Lender that:

(i) the Chargor is the lawful tenant or lessee of the Property and has a good and marketable leasehold title to the Property, free of any Liens or claims, except any the Chargor has reported to the Lender in writing which the Lender has accepted in writing;

(ii) the Property is leased to the Chargor under a good, valid and subsisting Lease (a complete copy of which the Chargor has given to the Lender);

(iii) all rents and moneys payable under each Lease have been paid and the Chargor has not defaulted in respect of any of the Chargor's other obligations set out in such Lease, in both cases up to the date the Chargor signed the Charge;

(iv) the Chargor has obtained the consent of the Chargor's landlord or lessor, or the Chargor has the right without such consent, to charge and sublet the Chargor's leasehold interest in the Property to the Lender in the manner provided in the Charge;

(v) the Chargor shall pay rent and all other amounts, and perform and observe all other obligations of the lessee or tenant, all as required by each Lease, in default of which the Lender may (but shall not be obligated to) make any such payments or perform or observe any such obligations, and the Chargor shall immediately pay the Lender the amount of any payments made or costs and expenses incurred by the Lender in so doing;

(vi) the Chargor shall not surrender the Lease or cause or allow it to be terminated or forfeited;

(vii) the Chargor shall not agree to any amendment of any Lease without first obtaining the Lender's written consent;

(viii) the Chargor shall promptly give the Lender a copy of any notice, demand or request which the Chargor may receive relating to any Lease or the Property; and

(ix) the Chargor shall stand possessed of the Property for the last day of the term or of any renewal term granted by each Lease in trust for the Lender and will assign and sell it as the Lender may direct, but subject to the Chargor's rights herein.

19. ENVIRONMENTAL

The Chargor hereby represents, warrants, covenants and agrees with the Lender (which representations, warranties, covenants, and agreements shall survive satisfaction or release of this Charge debt or extinguishment of this Charge debt that in the event the Lender or its nominee becomes owner of the Property upon default of the Chargor) that:

(a) to the best of the knowledge of the Chargor, after due and diligent inquiry, no part of the Property or any adjoining land has ever been used to manufacture, refine, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all Environmental Laws and Regulations. Hazardous Substance is defined as and includes all substances, liquid, gaseous or solid matter, waste, fuel, micro-organism, sound, vibration, heat, odour, radiation, energy vector, plasma, organic or inorganic matter which is or is deemed to be, alone or in any combination, hazardous, hazardous waste, solid or liquid waste, toxic, a pollutant, a deleterious substance, a contaminant or a source of pollution or contamination under any Environmental Laws and Regulations.

(b) any Hazardous Substance brought onto the Property or used by any person on the Property shall be transported, used and stored only in accordance with all applicable laws, regulations, by-laws and other lawful requirements.

(c) the Property will not be used for the principal purpose of storing or using any Hazardous Substance except in accordance with Environmental Laws and Regulations and no use of the Property will be allowed which may cause or increase the likelihood of the escape, seepage, leakage, spillage, release or discharge of any Hazardous Substance on, from or under the Property or permit any policy of insurance in respect to the Property to be cancelled.

(d) the Chargor shall promptly notify the Lender as soon as it knows of or suspects that any Hazardous Substance has been brought onto the Property or that there is any actual, threatened or potential escape, seepage, leakage, spillage, release or discharge of any Hazardous Substance on, from, or under the Property.

(e) the Chargor will indemnify and hold harmless each of the Lender and the Canadian Imperial Bank of Commerce ("CIBC") and their directors, officers, employees and agents in respect of any costs, losses, damages, expenses, judgements, suits, claims, awards, fines, sanctions and liabilities whatsoever (including costs or expenses of defending or denying the same and including the costs or expenses for preparing any necessary environmental assessment report or other such reports) arising out of, or in respect of (i) any release, deposit, discharge, or disposal of any hazardous or toxic materials, contaminants, wastes or other substance in connection with the Chargor's Property or business, and (ii) the remedial action (if any) taken by the Lender and CIBC in respect of any such release, deposit, discharge or disposal. For greater certainty, this indemnity shall survive the repayment or cancellation of this Charge.

The Chargor agrees that the Lender or agent of the Lender may, at any time, before and after default and for any purpose deemed necessary by the Lender, enter upon the Property to inspect the Property and the buildings thereon. Without in any way limiting the generality of the foregoing, the Lender or agent of the Lender may enter upon the Property to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Lender and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the Charge rate, shall be payable by the Chargor forthwith and shall be a charge upon the Property. The exercise of any of the powers enumerated in this clause shall not deem the Lender or agent of the Lender to be in possession, management or control of the Property and the buildings thereon.

20. INSURANCE

(a) The Chargor will, in accordance with the provisions of this paragraph, insure and keep insured for their full insurable value all buildings and Fixtures now or later forming part of the Property, and all present and future crops and other produce of the land forming part of the Property. The risks so insured against shall include loss or damage by or from fire (with extended perils coverage), explosion, tempest, lightning, earthquakes, floods, and other perils usually covered in fire insurance policies and such additional risks as the Lender may from time to time require, including without limitation, loss of rental and other income and comprehensive public liability insurance, in each case in amounts satisfactory to the Lender.

(b) The Chargor, during such time or times as there is construction of any buildings or other improvements on the Property, shall maintain builders' all risk insurance with a stated amount clause for the improvements of not less than the balance outstanding hereunder or full insurable value coverage.

(c) If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or air conditioning or sprinkler system is at any time operated on the Property, the Chargor will also insure and keep insured for a full replacement value against loss or damage by explosion of or otherwise caused by any such apparatus or system.

(d) Each insurance policy will be carried with a company or companies and contain a charge/mortgage clause and a loss payee Clause in favour of the Lender as its interest may appear, approved by the Lender. The Chargor shall immediately give the Lender a certified copy of each insurance policy and, not less than thirty days before any policy expires or is terminated, evidence of its renewal or replacement. The Lender may require cancellation of any insurance required by the Charge and new insurance effected by an insurer to be approved by the Lender.

(e) The Lender has the right, but shall not be obligated, to obtain and maintain any insurance if the Chargor fails to do so or fails to comply with any of the obligations set forth in this paragraph. The Chargor shall immediately pay the Lender all premiums paid and all costs and expenses incurred by the Lender to effect such insurance.

(f) If any loss or damage occurs to any part of the Property, the Chargor shall immediately notify the Lender and, at the Chargor's expense, do everything necessary to enable the Lender to obtain the insurance proceeds. The Lender may require that all or any part of such proceeds, or the proceeds of any other insurance required hereby or otherwise effected with respect to all or any part of the Property, be applied towards all or any part of the Indebtedness, whether or not due, or be used to repair such loss or damage.

(g) As additional security for payment of the Indebtedness and performance of the Chargor's other obligations under the Charge, the Chargor assigns to the Lender all of the Chargor's interest in or under any policy of insurance effected with respect to all or any part of the Property, whether or not effected in accordance with the provisions of this paragraph. The Chargor hereby irrevocably appoints each officer of the Lender (with power of substitution) as attorney of the Chargor to endorse on behalf of the Chargor any cheques issued by any insurer with respect to any policy of insurance effected pursuant to this paragraph, or otherwise, with respect to all or any part of the Property.

21. REPAIRS, MAINTENANCE AND INSPECTION

(a) The Chargor shall keep the Property in good condition and in a state of good repair and shall not do, fail to do or permit anything to be done which, in the opinion of the Lender, will lower its value. The Chargor shall not commit or permit any act of waste on the Property nor allow any part of the Property to become or remain vacant without the Lender's written consent.

(b) The Chargor shall perform and observe the requirements of every present and future statute, law, by-law, ordinance, regulation and order affecting the operation, condition, maintenance, repair, construction, use or occupation of all or any part of the Property.

(c) If any part of the Property is farmland, the Chargor shall in each year either put into crop or summerfallow in a proper manner every part thereof which has been or may in the future be brought under cultivation. The Chargor shall also keep such Property clean and free from all noxious weeds and generally see that it does not depreciate in any way as farmland.

(d) The Chargor authorizes the Lender to enter on and inspect the Property whenever the Lender deems it necessary or advisable to do so.

(e) If, in the sole opinion of the Lender, the Chargor does not observe or perform any of the foregoing provisions of this paragraph, the Lender may from time to time (but shall not be obligated to) enter on and inspect the Property at any time and make such repairs and do such other acts or things it deems necessary to protect or preserve the Property and to carry out the Chargor's obligations under this paragraph 21 including, if the Property is farmland, the farming, improvement and general management thereof. The Chargor shall immediately pay the Lender all amounts, costs and expenses paid or incurred by it in connection with any of the foregoing.

(f) If the Chargor fails at any time for a period of ten consecutive days to diligently carry on any Improvement (as defined in paragraph 22) to or on any part of the Property, or without the written consent of the Lender departs from the plans and specifications approved by the Lender with respect thereto or from the generally accepted standards of construction in the locality of the Property, or if default occurs in payment of any sum required to be paid under the Charge, or the Chargor fails to perform any obligation to be performed by the Chargor pursuant to the Charge, the Lender may from time to time enter on the Property and have exclusive possession of all materials, plant and equipment thereon, free of interference from or by the Chargor, and complete the improvement either according to such plans and specifications or according to such other plans, specifications or design as the Lender in its absolute discretion shall determine. The Chargor shall immediately pay the Lender all costs and expenses incurred by it in connection with any of the foregoing In exercising any of the foregoing rights, the Lender shall be deemed not to be a mortgagee or chargee in possession.

(g) Any entry which may be made by the Lender pursuant to any provision of the Charge may be made by any agents, employees and/or contractors thereof.

22. IMPROVEMENTS, DEMOLITION

(a) In this paragraph 22, the term "Improvement" has the meaning given to it in the *Construction Lien Act* (Ontario), as amended or replaced from time to time, and includes any alteration, addition or repair to, and any construction, erection, remodelling, rebuilding or installation on or of, any part of the Property and the demolition or removal of any building or part of any building on the Property.

(b) The Chargor agrees that no Improvement to or on the Property will be made or commenced (by the Chargor or any other person) unless the Chargor first provides a copy of all proposed plans, blueprints and specifications to the Lender and obtains the Lender's written consent thereto. The Improvement shall form part of the Property but, nevertheless, it is expressly agreed that the Charge is not and shall not be a building mortgage under section 20 of the *Mortgages Act* (Ontario), as amended or replaced from time to time. Subject to paragraph 13, the Lender may make advances to the Chargor under the Charge based on progress in completing the Improvement or upon its completion or, in the case of a building, its occupation or sale or otherwise. The Chargor shall construct and complete the Improvement in accordance with the plans and specifications approved by the Lender and all applicable governmental building standards as quickly as possible and make all payments for the Improvement that it is required to make, and shall provide the Lender with proof of such payments on request.

(c) The Lender may retain funds from any advance or advances under the Charge until the Lender is completely satisfied that all statutory holdback provisions have been fully complied with. Should the Lender be required to enter any defence in any action brought pursuant to the *Construction Lien Act* (Ontario), resulting from an Improvement to the Property, legal fees and expenses on a solicitor and his own client basis, and any other costs and expenses incurred by the Lender shall be immediately repaid by the Chargor to the Lender, and if not, shall be added to the Indebtedness.

23. CONDOMINIUM

(If the Property is a condominium unit, the Chargor must also comply with this paragraph in addition to all other provisions of the Charge. The Chargor does not, however, have to comply with paragraph 20.)

(a) **Compliance with the *Condominium Act*, etc.** - The Chargor will comply with the *Condominium Act* and with the Declaration, by-laws and rules and regulations of the Condominium Corporation as they exist from time to time.

(b) **Payment of Amounts and Common Expenses** - The Chargor will pay all amounts required by the *Condominium Act* and by the Declaration and by-laws of the Condominium Corporation on or before they are due and, if the Lender requests, give the Lender proof that the Chargor has done so. The Chargor must pay common expenses. If the Chargor does not make any payments which the Chargor is obligated to pay, the Chargor will be in default under the Charge, and the Lender may, at its option, make such payments on the Chargor's behalf, and add the amount of any such payments to the Indebtedness.

(c) **Notices and Demands** - The Chargor will mail to the Lender by prepaid registered mail, or deliver to the Lender, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of the Lender to consent to any matter, and every other communication relating to the Chargor's unit or the common elements of the Condominium Corporation so that the Lender receives them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date the Chargor receives them.

(d) **Voting Rights**

(i) The Chargor authorizes the Lender, in the Chargor's name and on its behalf, and whether or not the Chargor is in default, to exercise its rights under the *Condominium Act* to vote at any meeting of the Condominium Corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the Condominium Corporation or the termination of the application of the *Condominium Act* to the Condominium Corporation.

(ii) The Lender may wish not to use the Lender's rights to vote or consent and if the Lender does not wish to do so, the Lender may notify the Condominium Corporation, in which case the Chargor can vote or consent. The Lender's wish not to vote or consent can be for a limited time or for a particular meeting or matter. When the Lender does vote or consent for the Chargor, the Lender does not then become a mortgagee in possession and are not responsible to protect the Chargor's interests nor for the way the Lender votes or consents or fail to do so.

(e) **Acceleration of Repayment of Loan Amount** - At the Lender's option, the Indebtedness will become payable immediately if:

(i) government of the property of the Condominium Corporation under the *Condominium Act* is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the Condominium Corporation or of a part of its common elements;

(iii) the Condominium Corporation fails to comply with the *Condominium Act*, Declaration, by-laws or rules and regulations;

(iv) the Condominium Corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost;

(v) the Condominium Corporation fails, in the Lender's opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the Condominium Corporation fails to insure all the condominium units and common elements according to law and any additional requirements the Lender may have or fails to do all that is necessary to collect insurance proceeds.

(f) **Insurance** - Under the *Condominium Act*, the Condominium Corporation must obtain appropriate insurance. In addition, the Chargor must insure all improvements which at any time have been made to the Property against loss or damage by fire and, as well, against such additional risks as the Lender may require. The insurance company or companies must be approved by the Lender. The Chargor and the Condominium Corporation or both assign and transfer the policy or policies of insurance and receipts thereof to the Lender and if the Chargor or the Condominium Corporation or both fail to keep the buildings and improvements insured or provide the Lender at least fifteen days before the termination of any insurance, evidence of renewal, the Lender is entitled but not obligated to insure the buildings or improvements. The Chargor must, if the Lender asks for them, give the Lender certified copies of every insurance policy. If any loss or damage occurs, the Chargor will immediately, at its expense, do everything necessary to enable the Lender to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at the Lender's choice, in whole or in part be applied to repair the damage, be paid to the Chargor or be applied to reduce any part of the Indebtedness whether or not yet due.

The obligation to insure may be performed by the Condominium Corporation and the proceeds of insurance may be payable in accordance with the Declaration and by-laws of the Condominium Corporation. The Chargor promises that, in the event of loss or damage, the Chargor will fully comply with the terms of all insurance policies and with the insurance provisions of the Declaration and by-laws and that, as a member of the Condominium Corporation, the Chargor will insist that the Condominium Corporation fully complies with these terms.

24. EFFECT OF SUBDIVISION

If the Property is subdivided, each part of the Property shall continue to secure payment of the total amount of the Indebtedness and no person shall have any right to require the Indebtedness to be apportioned upon or in respect of any part of the Property.

25. LEASES AND RENTS

(a) The Chargor assigns to the Lender, as additional security for payment of the Indebtedness (i) all leases heretofore or hereafter granted by the Chargor (or any predecessor in title) of all or any part of the Property and (ii) any rents payable from time to time under such leases and the benefit of the terms and conditions contained therein and the reversion thereunder. The Chargor shall, on request from time to time, execute a formal assignment of any of the foregoing in a form acceptable to the Lender and, if requested by the Lender, suitable for registration. The Chargor agrees to give the Lender executed copies of all such leases promptly after their execution and to perform all of the Chargor's obligations thereunder. No such assignment or any act of the Lender pursuant thereto shall operate to delay, hinder or prejudice any of the Lender's rights or remedies under the Charge. The Chargor shall also, from time to time, execute and deliver to the Lender such notices to lessees or others and such other documents as the Lender may request for the purpose of protecting or enforcing its rights in respect of such assignments.

(b) The Lender shall not be responsible for the collection of any rents assigned to it or the performance of the terms and conditions of any lease referred to in this paragraph. The Lender shall be responsible to account only for rents actually received, less reasonable collection charges, and may apply such rents to the repayment of the Indebtedness, whether or not due. The Lender shall not by reason of any such collection or any assignment referred to in this paragraph be deemed a mortgagee or chargee in possession.

(c) Notwithstanding this paragraph, no lease of all or any part of the Property shall be made by the Chargor without the written consent of the Lender. Notwithstanding any such consent, no such lease shall have priority over this Charge unless the Lender expressly agrees to such priority in writing. For the purposes of the Charge, every action or omission by the lessee under any lease of all or any part of the Property shall be conclusively deemed to be the action or omission of the Chargor.

26. PROPERTY TAXES

The Chargor will pay promptly as they fall due all taxes, rates and assessments (municipal, local, parliamentary or otherwise) which now are or may hereafter be imposed, charged or levied with respect to all or any part of the Property (collectively, "taxes") and will upon request, provide the Lender with evidence satisfactory to it of such payment. Without in any way limiting or restricting the generality of the foregoing obligations and any other obligations of the Chargor, the Chargor agrees with the Lender that:

(a) the Lender may pay out of and deduct from any advance of the Principal Amount any taxes, the whole or any instalment of which has or will become payable on or before the interest Adjustment Date;

(b) whenever and so long as the Lender requires, the Chargor will pay to the Lender, on or before the first day of each month, or on such other date or dates as the Lender may require from time to time, or in such manner, if any, as is set out in the Schedule, a sum sufficient, as determined by the Lender, to enable the Lender to pay the whole amount of any taxes on or before the due date for payment thereof, or, if such taxes are payable in instalments, on or before the due date for payment of the first instalment;

(c) the Chargor shall provide to the Lender all tax bills and other notices relative to the imposition of taxes immediately after receipt thereof;

(d) all payments made by the Chargor to the Lender pursuant to paragraph 26(b) shall, at the Lender's option, be either credited to a tax account or, if any event or circumstance set out in paragraph 28 has occurred and is continuing, applied against the Indebtedness (whether or not due); and

(e) if and so long as the Lender requires payments to be made pursuant to paragraph 26(b), the Lender shall, so long as the Chargor is not in default hereunder, pay all taxes as they fall due or at such earlier time as the Lender deems fit; all such payments by the Lender shall be debited to the tax account to the extent that the amount in such account is sufficient and, to the extent that the amount in such account is insufficient, the Chargor shall immediately pay the Lender the amount of each such payment.

27. OTHER LIENS, RENEWALS OF LEASES

(a) Unless the Lender otherwise consents, the Chargor will not create or permit to exist any Lien on or against all or any part of the Property, any Lease or any leases or rents referred to in paragraph 25, other than Liens (i) for taxes which are not due or (ii) incidental to construction, repairs or current operations which have not been registered against the Property, which relate to obligations which are not due and written notice of which has not been given to the Lender. The Chargor shall pay, when due, all amounts payable under, in respect of or secured by any Lien or other claim on, against or relating to all or any part of the Property or any Lease and shall comply with all obligations contained in the document or statute under which any such Lien or other claim arose. The Lender may, but shall not be obligated to, pay any such amount and/or cure any default under any such document or statute and the Chargor will immediately pay the Lender all amounts, costs and expenses paid or incurred in so doing. To the extent the Lender pays any such amount, it shall be entitled to all equities and securities of the person or persons so paid and it may retain any discharge or cessation of charge unregistered until paid. The Chargor shall immediately notify the Lender in writing of the creation or coming into existence of any Lien on or against all or any part of the Property or any Lease and of the terms and conditions thereof.

(b) The Lender may from time to time obtain an order vacating any construction lien registered against all or any part of the Property and, if the Lender considers it necessary, provide financial guarantees or other security to facilitate the obtaining of any such order. The Chargor shall immediately pay the Lender all costs and expenses paid or incurred by the Lender to obtain such order or to provide such guarantees or security.

(c) If the Chargor has a leasehold interest in the Property and the Chargor refuses or neglects to renew any Lease, the Lender may (but shall not be obligated to) from time to time effect any such renewal in its own name or otherwise. The Chargor shall immediately pay the Lender all costs and expenses incurred by the Lender in connection with any such renewal.

28. DEFAULT

In addition to the Lender's other rights, whether under the Charge or otherwise, to require payment of the Indebtedness, the Indebtedness shall, at the Lender's option, become immediately due and payable and the Chargor shall thereupon pay same to the Lender, in the event that any of the following events or circumstances shall occur and be continuing:

(a) the Chargor fails to pay when due all or any part of the Indebtedness or any amount payable pursuant to any promissory note or other instrument, agreement or document, now or later entered into, in respect of or representing all or any part of the Indebtedness;

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(b) the Chargor fails to observe or perform any provision or obligation hereunder except as contemplated in paragraph 28(a);

(c) any statement any Obligor has given or made, at or prior to signing the Charge (including without limitation those contained in paragraph 18, which shall be deemed to have been given or made when the Charge was signed), in respect of the Property, the Chargor, any Lease, the Indebtedness, any Obligor or the affairs of any Obligor, is untrue in any material way on the date given or made;

(d) any Lien or notice of a Lien is registered against the title to all or any part of the Property without the Lender's prior written consent;

(e) the Property is abandoned or any act of waste is committed as to all or any part of the Property; or any building or other structure now or later being erected on the Property remains unfinished and without any work being done on it for a period of ten consecutive days;

(f) the Chargor sells, transfers, leases or otherwise disposes of all or any part of the Property, any Lease or any interest in any of the foregoing, or agrees to do so, without the Lender's prior written consent;

(g) the Chargor ceases to carry on the business ordinarily carried on from the Property without the Lender's prior written consent;

(h) any order is made or resolution passed for the winding-up, liquidation or other dissolution of an Obligor which is a corporation, or there is a change in the membership or dissolution of an Obligor which is a partnership;

(i) in the opinion of the Lender, there is a change in effective control of an Obligor which is a corporation;

(j) an Obligor makes an assignment for the benefit of creditors, or any proceedings shall be instituted by or against an Obligor seeking to adjudicate it bankrupt or insolvent or seeking liquidation, winding-up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or other similar law or seeking the appointment of a receiver, receiver and manager, trustee, custodian or other similar official for it or any of its property (excluding proceedings which are being contested by such Obligor in good faith, which have been outstanding for fewer than thirty days and in respect of which any enforcement proceedings are stayed), or an Obligor is declared bankrupt, or a receiver, receiver and manager, trustee, custodian or other similar official is appointed of it or in respect of all or any part of the Property, or power of sale or foreclosure proceedings are commenced against all or any part of the Property;

(k) another encumbrancer takes possession of all or any part of the Property or a distress or execution or other similar process is brought against all or any part of the Property;

(l) if the Chargor fails to remit to Revenue Canada when due, any amounts owing for GST and source deductions required to be withheld by employers pursuant to the *Income Tax Act*, the *Employment Insurance Act*, the *Excise Tax Act*, and any other applicable legislation;

(m) if the Chargor encumbers the Property or the chattels mortgaged hereunder with any other mortgage or other charge without having obtained prior written authorization from the Lender to this effect; or

(n) if the Chargor breaches the warranty contained in paragraph 19.

29. REMEDIES ON DEFAULT

(a) If any of the events or circumstances set out in paragraph 28 has occurred and is continuing, the Lender may (but shall not be obligated to), from time to time and in any order, separately or in combination, and after giving the minimum notice, if any, required by applicable law and obtaining court approval where necessary, enforce any one or more of the following remedies:

(i) sue the Chargor for all or any part of the Indebtedness;

(ii) distrain for arrears of all or any part of the Indebtedness;

(iii) take judicial proceedings to foreclose the Chargor's and/or any other person's interest in all or any part of the Property or any Lease, to take possession of it and/or to sell, lease or otherwise deal with it;

(iv) enter on and take possession of all or any part of the Property;

(v) sell and/or lease all or any part of the Property or sell the unexpired term of any Lease;

(vi) assign any Lease and sell the last day of the term granted by the Lease and/or remove the Chargor or any other persons from being a trustee of the last day of the term of any Lease and appoint a new trustee or trustees in its place;

(vii) appoint in writing a receiver (which term as used herein includes a receiver and manager) of all or any part of the Property and the rents and other income thereof and from time to time remove any receiver and appoint another in its place;

(viii) exercise in respect of the insurance policies, insurance trust agreements, leases, rents and benefits assigned pursuant to paragraphs 20(f) and 25(a) the remedies exercisable by the Lender in respect of all or any part of the Property; and

(ix) exercise any other rights or remedies which the Lender may have, whether pursuant to the Charge, at law, in equity, by contract or otherwise.

(b) Nothing contained herein and nothing done by the Lender or any receiver, other than taking possession of the Property in fact, shall render the Lender or such receiver a mortgagee or chargee in possession.

(c) The Chargor hereby waives the right to claim any exemption with respect to the Lender's right of distress, and agrees that the Lender shall not be limited as to the amount for which it may distrain.

(d) Any sale contemplated or permitted herein may be for cash or for credit, or partly for cash and partly for credit, by tender, private sale or public auction, as a whole or in separate parcels, with or without a reserve bid, with or without advertisement and at any time or times and on such terms as the Lender thinks reasonable. The Lender will be accountable for sale proceeds or rent only when received in cash. The Lender may use the services of any real estate agent in connection with any sale or lease (including any agent affiliated with the Lender). The Lender may apply the net proceeds of any lease or sale to any part of the Indebtedness determined by the Lender and the Chargor will pay the Lender any part of the Indebtedness remaining unpaid.

(e) The Lender may cancel or amend any contract of sale or lease and sell or lease again, or adjourn any such sale from time to time, all as the Leader thinks reasonable, without being responsible for any resulting loss.

(f) Any purchaser or lessee from the Lender or a receiver pursuant hereto shall not be required to see to the validity, legality, regularity or propriety of such sale or lease, or that a default has happened on account of which the sale or lease is being made. The Chargor agrees that each such purchaser and lessee will receive good title to or a valid lease of that part of the Property sold or leased, and that the Chargor will not make any claims concerning the validity, legality, regularity or propriety of the sale or lease against the purchaser or lessee or their successors in title. The Chargor's only claim respecting such validity, legality, regularity or propriety will be made against the Lender and will be in damages only.

(g) The Lender may lease or sell without entering into actual possession of the Property and, while in possession, shall only be accountable for moneys actually received by it.

(h) Without limiting the generality of paragraph 29(a), sales may be made from time to time of parts of the Property to satisfy any part of the Indebtedness, leaving the balance thereof secured under the Charge on the remainder of the Property.

(i) If the Chargor has a leasehold interest in the Property, the Chargor irrevocably appoints each officer of the Lender (with the power of substitution) to be the Chargor's attorney during the continuance of the Charge so as to permit the Lender to execute any document or do any act or thing which the Lender is permitted or the Chargor is required to execute or do pursuant to the provisions hereof.

(j) If the Chargor has a leasehold interest in the Property, the Chargor shall (i) at the request of the Lender and at the cost and expense of the Chargor, sell and assign to the Lender or any person appointed by the Lender, the last day of the term of the Lease or any renewal term, and (ii) in the event of any sale by the Lender as contemplated herein, hold such last day in trust for the purchaser, and the purchaser's heirs, executors, administrators, successors and assigns.

(k) Neither the Chargor nor any person claiming an interest in the Property through the Chargor shall interfere in any way with the Lender's possession of the Property obtained pursuant to the provisions hereof nor with the possession of anyone to whom all or any part of the Property is sold or leased by the Lender or any receiver appointed pursuant to the provisions hereof.

(l) In appointing a receiver pursuant to the provisions hereof, the Lender shall be deemed to be acting as the Chargor's agent and attorney so that the receiver shall, with respect to responsibility for the receiver's acts or omissions, be considered the Chargor's agent and so that the receiver's defaults shall be considered the Chargor's defaults. The Lender may from time to time fix the remuneration of the receiver and direct its payment out of the income of the Property, but in no event shall the Lender incur any liability for such remuneration. The receiver shall, in the Lender's discretion, be vested with and may enforce all or any of the Lender's rights and discretions under the Charge with the same effect as if exercised by the Lender (including without limitation the rights and discretions set out in paragraph 16 and this paragraph 29) and such other rights as the Lender may confer in writing. The receiver shall have the power to borrow on the security of the Property in priority to the Charge or otherwise, to collect rent and other income of the Property and to carry on or concur in carrying on any business carried on by the Chargor on the Property. From the rent and other income collected, and from the proceeds of all other realization hereunder, the receiver shall, in such order as the Lender sees fit: pay all the rents, taxes, rates, insurance premiums and other outgoings affecting the Property and any other amount the Lender is permitted to pay hereunder; pay the receiver's own remuneration and the cost of repairs; pay all amounts required to keep in good standing any Liens ranking in priority to the Charge; and pay the Lender all or any part of the Indebtedness.

30. DISCHARGE

The Charge shall only terminate upon payment in full of the Indebtedness and complete performance of the Chargor's other obligations hereunder, provided that such termination shall be effective only if the Lender shall have received a written notice from the Chargor requesting a discharge or assignment hereof and if no further Indebtedness becomes outstanding prior to the delivery of such discharge or assignment. Upon termination of the

Charge, the Chargor may request in writing that the Lender provide the Chargor with a discharge of the Charge or an assignment of the Charge to a third party and the Lender shall sign such document and send it to the Chargor within a reasonable time. The Chargor shall pay immediately the Lender's usual administration fee for preparing, reviewing, signing and/or delivering any such discharge or assignment and the Lender's legal and other expenses, if any, whether such documentation is prepared by the Chargor's lawyer or by the Lender's lawyer. It is the Chargor's responsibility to register the discharge or assignment on title and to pay the registration fee.

31. INSPECTION

If the Lender, CMHC or GEMI (if this is a CMHC or GEMI insured charge), or their respective agents have reason to believe that the Property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, the Chargor agrees that the Lender, CMHC, GEMI or their respective agents may, at any time, before or after default, enter and inspect the Property and conduct any environmental testing, site assessment, investigation or study which the Lender, CMHC or GEMI consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the Interest Rate, will be immediately payable by the Chargor and shall be a charge on the Property. The Lender, CMHC or GEMI and their respective agents will not become a mortgagee in possession, management or control by exercising these rights.

32. EXPENSES

The Chargor shall immediately pay to the Lender all amounts the Lender is permitted to pay under the Charge and all costs and expenses of or relating to inspecting, protecting, repairing, completing, insuring, taking and keeping possession of and managing all or any part of the Property, preparing it for sale or lease, selling or leasing it, renewing any leasehold interest, collecting any part of the Indebtedness, the exercise of any of the rights of a receiver appointed pursuant to the provisions hereof, such receiver's fees and expenses, agents' costs and expenses, legal fees and expenses on a solicitor and his own client basis, and any other costs and expenses of exercising or protecting the Lender's rights (hereunder or otherwise) or all or any part of the Property (including without limitation environmental clean-up costs and expenses). The Chargor shall pay the Lender on demand interest at the Interest Rate on such amounts, costs and expenses (and on all other Costs) from the date they are paid by the Lender until they are repaid by the Chargor, which interest shall be calculated as hereinbefore provided. *For greater certainty, all costs and expenses referred to herein shall form part of the indebtedness and be secured by the Charge.*

33. FINANCIAL STATEMENTS

If so requested by the Lender, the Chargor and the Guarantor will provide to the Lender any and all financial information and statements relating to the Property, Chargor or Guarantor including, without limiting the generality of the foregoing, financial statements (including year-end financial statements prepared by a professionally recognized chartered accountant) acceptable to the Lender *and as may be more particularly described in any commitment letter between the Chargor and the Lender.*

34. GUARANTEE

The Guarantor agrees on behalf of the Guarantor, the Guarantor's executors, administrators, successors and assigns:

(a) to be jointly and severally liable with the Chargor as principal debtor of all the monies payable under this Charge at the times and in the manner herein provided;

(b) to be liable to the Lender in the same manner and to the same extent as if the Guarantor had executed this Charge as Chargor;

(c) to unconditionally guarantee the full performance and discharge of all of the obligations to be fulfilled by the Chargor pursuant to the provisions hereof at the times and in the manner herein provided;

(d) to indemnify and save harmless the Lender against and from all losses, damages, costs and expenses which the Lender may sustain, incur or be or become liable for by reason of the failure, for any reason whatsoever, of the Chargor either to pay the monies expressed to be payable pursuant to the provisions of this Charge or to do and perform any other act, matter or thing pursuant to the provisions of this Charge;

(e) that the Lender may at any time and from time to time and without notice to, or any consent or concurrence from the Guarantor, make any settlement or variation in the terms of this Charge or grant any extension of time or other indulgence, or accept the surrender of any security, and that no such thing done by the Lender, nor any carelessness or neglect by the Lender in asserting or preserving its rights, nor the loss by operation of law of any right of the Lender against the Chargor, nor the bankruptcy or insolvency of the Chargor, nor the loss or destruction of any security, shall in any way release or diminish the liability of the Guarantor hereunder, so long as any monies expressed by this Charge to be payable remain unpaid or the Lender has not been reimbursed for all such losses, damages, costs, charges and expenses as aforesaid;

(f) that the Lender shall not be obliged to proceed against the Chargor or to enforce or exhaust any security before proceeding to enforce the obligations herein set out and that enforcement of such obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the Chargor or the enforcement of any security for any such debt or obligation;

(g) that nothing but payment and satisfaction in full of all monies secured by this Charge and the due performance and observation of all covenants, agreements and provisoes in this Charge and any other security to be given to the Lender shall release the Guarantor from this covenant;

(h) that this covenant shall be assignable by the Lender and that assignment of this Charge shall constitute assignment of this covenant and that this covenant shall not be deemed to have been waived, released, discharged, impaired or affected by reason of the assignment and/or reassignment of this Charge at any time;

(i) that upon any breach or default by the Chargor, this covenant shall be deemed to have been breached;

(j) to waive all notice of default, non-performance, non-payment and non-observance on the part of the Chargor of the terms, covenants and provisoes contained in this Charge;

(k) that this Charge would not have been entered into by the Lender without this covenant, and the Guarantor acknowledges the foregoing and acknowledges having read the Charge;

(l) that any liability under this covenant shall not be impaired or discharged by reason of the Lender taking further or other security for payment of the monies due or to become due under this Charge, or by the Lender at any time releasing any security or partial security hereunder, or the release or partial release of the Guarantor hereto whether by the Lender or by operation of law, or by any other act or thing whereby as guarantor(s), the Guarantor would or might be released in whole or in part;

(m) that any payment by the Guarantor of any monies under this covenant shall not in any event be taken to affect the liability of the Chargor for payment thereof, but such liability shall remain unimpaired and enforceable by such Guarantor against the Chargor and such Guarantor shall, to the extent of any such payments made by it in addition to all other remedies, be subrogated as against the Chargor to all the rights, privileges and powers to which the Lender was entitled prior to payment by such Guarantor, provided, nevertheless, that such Guarantor shall not be entitled in any event to rank for payment against the Property or any collateral security, in competition with the Lender and shall not unless and until the whole of the principal, interest and other monies owing on the security of this Charge shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to the Lender;

(n) that, without limiting the generality of the foregoing, this guarantee is absolute, irrevocable, and unconditional;

(o) that this covenant shall apply for the full duration of this Charge and any and all renewals thereof unless a release in writing has been authorized by the Lender and for greater certainty, the Guarantor acknowledges that the renewal periods may extend up to the full amortization period of this Charge.

If more than one person signs the Charge as Guarantor, such persons are jointly and severally liable to observe and perform all the Guarantor's obligations herein.

35. FAMILY LAW ACT

The Chargor certifies to the Lender that all information which the Chargor gave to the Lender about his/her marital status and the Property when applying for the loan secured by the Charge, and the statements made in the registered document were and are completely truthful and accurate under Part II of the *Family Law Act*, R.S.O., 1990, c.F.3 (as amended or replaced). If any change in status occurs, the Chargor shall inform the Lender immediately in writing.

36. EXPROPRIATION

(a) If the entire Property is expropriated, the Indebtedness will immediately become due and payable together with the greater of:

   (i) the amount equal to three (3) months' interest payable under the Charge, and

   (ii) the "Yield Maintenance Fee" (as hereinafter defined).

   The "Yield Maintenance Fee" is the amount, if any, as of the date of prepayment, by which the present value of the future instalments of principal and interest due until the Balance Due Date, including the balloon payment due on the Balance Due Date, in respect of this Charge calculated using the Government of Canada Yield (as hereinafter defined), calculated semi-annually not in advance, exceeds the then outstanding principal amount hereunder. The "Government of Canada Yield" means the wholesale bid side yield, as determined by the Lender, on a current Government of Canada coupon bond having a maturity equivalent to the remaining term of the Charge, which determination shall be made as of 10:00 a.m. Eastern Standard Time on the date of prepayment.

(b) If only a part of the Property is expropriated, the amount the Chargor is awarded for the partial expropriation will be paid to the Lender and the Lender will credit it to the Indebtedness. If, in the Lender's opinion, the remainder of the Property does not constitute adequate security for the Indebtedness, then the Indebtedness, or such part of the Indebtedness as the Lender may determine, will immediately become due and payable together with the greater of:

   (i) the amount equal to three (3) months' interest payable under the Charge, and

   (ii) the "Yield Maintenance Fee" (as defined in paragraph 36(a)(ii)).

37. BONUS ON DEFAULT

UPON DEFAULT of payment of any of the monies secured and payable hereunder, the Lender shall be entitled to require payment, in addition to all monies hereby secured or payable hereunder, of a bonus equal to three (3) months interest in advance at the rate aforesaid upon the principal money hereby secured or at the Lender's sole option, a bonus equal to the damages sustained by the Lender and equal to the "Yield Maintenance Fee" as defined in paragraph 36(a)(ii).

38. NON-MERGER

NOTWITHSTANDING the registration of this Charge and the advance of funds pursuant hereto the terms and/or conditions of the letter of commitment issued by the Lender pertaining to the loan transaction evidenced by this Charge (the "Commitment Letter") shall remain binding and effective on the parties hereto, and shall not merge in this Charge nor in any document executed and/or delivered on the closing of this transaction, and the terms thereof are incorporated herein by reference. In the event of any inconsistency between the terms of the Commitment Letter and the Charge, the Lender shall determine in its sole discretion which provisions shall prevail.

39. DATE OF CHARGE

The Chargor agrees that, only for the purpose of defining the date of the Charge with respect to any statutory right of prepayment, the date of the Charge will be deemed to be the interest adjustment date set out in the registered document.

40. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the *Ontario New Home Warranties Plan Act*, R.S.O., 1990, C.o.31 (as amended or replaced) applies to the Property, the Chargor agrees to comply with its requirements and to reimburse the Lender for any costs which the Lender incurs in complying or enforcing the Chargor's rights on the Chargor's behalf if the Chargor fails to do so.

41. WHO IS BOUND

Not only does the Chargor agree to be bound by everything, including its obligations, in the Charge, but its legal and personal representatives and anybody else to whom the Property is transferred, charged or encumbered are also bound. The Charge is also binding on the Lender's successors and assigns and on anybody to whom the Lender may transfer the Charge.

If more than one person signs the Charge as Chargor, then all persons who sign are jointly and individually liable to comply with all obligations under the Charge. If any Chargor or guarantor is female or a corporation, then the Charge will be read with all necessary grammatical changes.

42. PARTIAL INVALIDITY

If any provision of the Charge is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

43. PARAGRAPH HEADINGS

Headings in the Charge do not form part of the Charge but are used only for easy reference.

44. NATIONAL HOUSING ACT

All CMHC insured mortgages are made in pursuance of the *National Housing Act*.

45. EQUIVALENT INTEREST RATES (Applicable only to variable rate charges)

The following information is provided to the Chargor since the Prime Rate and the current rate may be expected to change from time to time. For each current rate (calculated monthly not in advance) set forth, the adjacent column sets forth the equivalent interest rate calculated semi-annually not in advance.

CURRENT RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)
3.000	3.01881	**11.000**	11.25519	**19.000**	19.76815
3.125	3.14542	11.125	11.38605	19.125	19.90340
3.250	3.27208	11.250	11.51699	19.250	20.03872
3.375	3.39882	11.375	11.64800	19.375	20.17411
3.500	3.52562	11.500	11.77909	19.500	20.30956
3.625	3.65249	11.625	11.91021	19.625	20.44509
3.750	3.77942	11.750	12.04141	19.750	20.58068
3.875	3.90642	11.875	12.17269	19.875	20.71635
4.000	4.03348	**12.000**	12.30403	**20.000**	20.85208
4.125	4.16061	12.125	12.43544	20.125	20.98789
4.250	4.28781	12.250	12.56692	20.250	21.12376
4.375	4.41507	12.375	12.69846	20.375	21.25971
4.500	4.54240	12.500	12.83008	20.500	21.39572
4.625	4.66979	12.625	12.96176	20.625	21.53180
4.750	4.79725	12.750	13.09351	20.750	21.66796
4.875	4.92478	12.875	13.22533	20.875	21.80418
5.000	5.05237	**13.000**	13.35721	**21.000**	21.94047
5.125	5.18003	13.125	13.48916	21.125	22.07683
5.250	5.30776	13.250	13.62118	21.250	22.21326
5.375	5.43555	13.375	13.75327	21.375	22.34977
5.500	5.56341	13.500	13.88543	21.500	22.48634

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5.625	5.69133	13.625	14.01766	21.625	22.62298
5.750	5.81932	13.750	14.14995	21.750	22.75969
5.875	5.94738	13.875	14.28231	21.875	22.89647
6.000	6.07550	**14.000**	14.41474	**22.000**	23.03332
6.125	6.20369	14.125	14.54724	22.125	23.17024
6.250	6.33195	14.250	14.67981	22.250	23.30724
6.375	6.46027	14.375	14.81244	22.375	23.44430
6.500	6.58866	14.500	14.94514	22.500	23.58143
6.625	6.71711	14.625	15.07791	22.625	23.71863
6.750	6.84564	14.750	15.21075	22.750	23.85590
6.875	6.97423	14.875	15.34366	22.875	23.99324
7.000	7.10288	**15.000**	15.47664	**23.000**	24.13066
7.125	7.23160	15.125	15.60968	23.125	24.26814
7.250	7.36039	15.250	15.74279	23.250	24.40569
7.375	7.48925	15.375	15.87597	23.375	24.54331
7.500	7.61817	15.500	16.00922	23.500	24.68101
7.625	7.74716	15.625	16.14254	23.625	24.81877
7.750	7.87621	15.750	16.27593	23.750	24.95660
7.875	8.00534	15.875	16.40939	23.875	25.09451
8.000	8.13452	**16.000**	16.54291	**24.000**	25.23248
8.125	8.26378	16.125	16.67650	24.125	25.37053
8.250	8.39310	16.250	16.81016	24.250	25.50865
8.375	8.52249	16.375	16.94389	24.375	25.64683
8.500	8.65195	16.500	17.07769	24.500	25.78509
8.625	8.78147	16.625	17.21156	24.625	25.92342
8.750	8.91106	16.750	17.34550	24.750	26.06181
8.875	9.04072	16.875	17.47950	24.875	26.20028
9.000	9.17045	**17.000**	17.61358	**25.000**	26.33882
9.125	9.30024	17.125	17.74772	25.125	26.47743
9.250	9.43010	17.250	17.88193	25.250	26.61611
9.375	9.56002	17.375	18.01621	25.375	26.75486
9.500	9.69002	17.500	18.15056	25.500	26.89369
9.625	9.82008	17.625	18.28498	25.625	27.03258
9.750	9.95021	17.750	18.41947	25.750	27.17154
9.875	10.08040	17.875	18.55403	25.875	27.31058
10.000	10.21066	**18.000**	18.68865	**26.000**	27.44969
10.125	10.34099	18.125	18.82335	26.125	27.58886
10.250	10.47139	18.250	18.95811	26.250	27.72811
10.375	10.60185	18.375	19.09295	26.375	27.86743
10.500	10.73238	18.500	19.27785	26.500	28.00682
10.625	10.86298	18.625	19.36282	26.625	28.14628
10.750	10.99365	18.750	19.49766	26.750	28.28581
10.875	11.12438	18.875	19.63297	26.875	28.42541

DATED at Toronto this 24th day of August, 2006

CIBC MORTGAGES INC.
By its Solicitors
Beber & Associates Professional Corporation

Per: ______________________________
Jeffrey P. Beber

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200632 Code

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200633 Cote
Filing Date Oct. 5th 2006 Date de Dépôt
Page 1 of/de 23 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

Filing No.

filed by – MyNext Funding Corporation

STANDARD CHARGE TERMS

These STANDARD CHARGE TERMS shall be deemed to be included in every Charge/Mortgage which refers to them by their filing number, as provided in section 9 of the above Act.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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MORTGAGE TERMS

1. DEFINITIONS

1.1 In the Mortgage;

(a) "**Assignment of Rents**" means the provisions of the Mortgage in the section of the Mortgage Terms called "Assignment of Rents";

(b) "**Balance Due Date**" means the balance due date shown on the Mortgage Form and is the date on which all unpaid Mortgage Money becomes due and payable, or such earlier date on which MNFC can lawfully require payment of the Mortgage Money;

(c) "**Borrower**" means the person or persons described in the Mortgage Form as the borrower, chargor or mortgagor and who signed the Mortgage Form as the borrower, chargor or mortgagor and the heirs, personal representatives, successors and assigns of the Borrower;

(d) "**Borrower's Promises and Agreements**" means any one or more of the Borrower's obligations, acknowledgments, promises and agreements contained in the Mortgage, in the section of the Mortgage Terms called "Borrower's Promises and Agreements" or elsewhere;

(e) "**Commitment**" means any commitment document(s) issued by MNFC to the Borrower for the Mortgage, and any application(s) for the Commitment;

(f) "**Company**" means the Borrower or the Covenantor, if the Borrower or the Covenantor is a company;

(g) "**Court**" means a court, Judge, Master, or a Registrar, District Registrar, Deputy Registrar or Registrar General of a court or a Land Title Office, or other judicial or quasi-judicial officer having jurisdiction in any manner arising out of the Mortgage;

(h) "**Covenantor**" means the person or persons who signed the Mortgage Form as the covenantor or guarantor or as the covenantors or guarantors and the heirs, personal representatives, successors and assigns of the Covenantor;

(i) "**Covenantor's Promises and Agreements**" means any one or more of the Covenantor's obligations, acknowledgments, promises and agreements contained in the Mortgage, in the section of the Mortgage Terms called "Covenantor's Promises and Agreements" or elsewhere;

(j) "**Default**" includes each of the events of default listed in the section of the Mortgage Terms called "Default";

(k) "**Income**" means any rents and profits of or arising from or in any way connected with the Land or the Rental Agreements;

(l) "**Interest**" means interest at the Interest Rate;

(m) "**Interest Adjustment Date**" means the interest adjustment date shown on the Mortgage Form;

(n) "**Interest Calculation Period**" means the period or periods for the calculation of interest shown on the Mortgage Form;

(o) "**Interest Rate**" means the interest rate or rates shown on the Mortgage Form, or such other interest rate or rates as may be agreed in writing between MNFC and the Borrower after execution of the Mortgage Form;

(p) "**Land**" means all the Borrower's present and future interest in the land described in the Mortgage Form including every incidental right, benefit or privilege attaching to that land or running with it; and all buildings and improvements that are now or later constructed on or made to that land; and all apparatus, equipment or appliances now or later attached or added to, or brought upon, such buildings and improvements (which apparatus, equipment and appliances shall be fixtures);

(q) "**Land Title Office**" means the government or other office in which the title to the Land is registered or recorded;

(r) "**Lease**" means with respect to any part of the Land in which the Borrower has a leasehold interest, the lease or leases under which such leasehold interest is created and any lease or leases with respect to all or any part of the Land which may be entered into in replacement of or renewal of such lease or leases, as any of the foregoing may be amended from time to time;

(s) "**Legal Costs**" means actual legal costs, on a solicitor and own client (full indemnity) basis;

(t) "**Loan Payment**" means the amount of each periodic payment shown on the Mortgage Form;

(u) "**MNFC**" means MyNext Funding Corporation, and being the party described in the Mortgage form as the "Mortgagee", and the successors and assigns of MyNext Funding Corporation;

(v) "**Mortgage**" means the Mortgage Form and the Mortgage Terms;

(w) "**Mortgage Form**" means the document prescribed by statute or regulation as the first part of the Mortgage, which makes reference to the Mortgage Terms, and includes all schedules and addenda to such document;

(x) "**Mortgage Money**" means the Principal Amount, Interest and any other money owed by the Borrower under the Mortgage, the payment of which is secured by the Mortgage;

(y) "**Mortgage Terms**" means these mortgage, or charge, or standard charge mortgage, terms;

(z) "**Other Charges**" means any mortgage, agreement for sale or other charge or encumbrance of any kind whatsoever of or against the Land;

(aa) "**Payment Date**" means each payment date commencing on the first payment date shown on the Mortgage Form;

(bb) "**Permitted Encumbrances**" means charges affecting the Land or the Borrower's interest in the Land consented to in writing by MNFC;

(cc) "**Place of Payment**" means the place of payment shown on the Mortgage Form or any other place specified in a written notice given by MNFC to the Borrower under the Mortgage Terms;

(dd) "**Prime**" means that fluctuating rate of interest charged by the head office of Royal Bank of Canada and called by Royal Bank of Canada its prime rate, as it is designated by Royal Bank of Canada from time to time;

(ee) "**Principal Amount**" means the amount of money shown as the principal amount on the Mortgage Form as reduced by payments made by the Borrower from time to time, or increased by the advance or re-advance of money to the Borrower by MNFC from time to time, and includes all money that is later added to the Principal Amount under the Mortgage Terms;

(ff) "**Receiver**" means a receiver or receiver-manager of the Land or the rents and profits of the Land;

(gg) "**Rental Agreements**" means all rental agreements, leases, licenses, occupancy or similar agreements or arrangements, whether written or oral, and any renewals, replacements and amendments, of, for or in any way connected with or relating to the Land or the Income;

(hh) "**Strata Lot**" means a strata lot or condominium unit, and any interest of the Borrower in all common areas, parking stalls, storage lockers, and other property of the Strata Corporation;

(ii) "**Strata Corporation**" means the corporation governing the Strata Lot;

(jj) "**Taxes**" means all taxes, rates, assessments, local improvement rates, utilities and similar charges levied on the Land by any lawful authority, and any interest or penalties thereon.

2. WHAT THE MORTGAGE DOES

2.1 In return for MNFC agreeing to lend all or part of the Principal Amount to the Borrower, the Borrower grants and mortgages the Land to MNFC as security for repayment of the Mortgage Money and for performance of all the Borrower's Promises and Agreements;

2.2 If the Land comprises or includes a Lease:

(a) the last day of the term of the Lease is excluded from the Mortgage;

(b) the Borrower acknowledges that the last day of the term of the Lease is held in trust by the Borrower for and on behalf of MNFC;

(c) the Borrower irrevocably appoints all officers of MNFC as attorneys of the Borrower, for the purpose of and with full authority to deal with the last day of the term of the Lease as they choose.

2.3 This means that:

(a) the Mortgage shall be a charge on the Land; and

(b) the Borrower releases to MNFC all the Borrower's claim to the Land until the Borrower has paid the Mortgage Money to MNFC, in accordance with the Mortgage Terms, and has performed all of the Borrower's Promises and Agreements;

2.4 The Borrower may continue to remain in possession of the Land as long as the Borrower performs all of the Borrower's Promises and Agreements;

2.5 When the Borrower has paid the Mortgage Money and performed all the Borrower's Promises and Agreements under the Mortgage and MNFC has no obligation to make any further advances or re-advances, the Borrower will be entitled, at the Borrower's cost unless prohibited by law, to receive a discharge of the Mortgage. MNFC has no obligation to effect the registration of the discharge at the Land Title Office.

3. INTEREST

3.1 The Borrower promises and agrees that:

(a) Interest is chargeable on the Mortgage Money and is payable by the Borrower, both before and after Default and the Balance Due Date (and, except where prohibited by law, after any Judgment for or relating to the Mortgage Money);

(b) Interest on advances or re-advances of the Principal Amount starts on the date and on the amount of each advance or re-advance, and accrues on the Principal Amount until the date the Borrower has paid or is deemed under the Mortgage to have paid, all the Mortgage Money;

(c) Interest accrues on, and is payable for, the actual dates of advances and payment or deemed payment;

(d) Interest payable on any part of the Principal Amount advanced before the Interest Adjustment Date is due and payable to MNFC on the Interest Adjustment Date;

(e) at the end of each Interest Calculation Period, unpaid accrued interest will be added to the Principal Amount and bear Interest; this is known as compound interest;

(f) a certificate of an officer of MNFC shall be conclusive evidence of Prime and of Interest from time to time;

(g) when Prime increases or decreases, then and so often as that may happen, the Interest payable under the Mortgage, if it is related to Prime, shall be increased or decreased accordingly, without notice by MNFC to the Borrower or otherwise.

4. PAYMENT OF THE MORTGAGE MONEY

4.1 The Borrower promises to pay the Mortgage Money to MNFC at the Place of Payment in accordance with the payment provisions in the Mortgage, without abatement, set-off, counterclaim, deduction or withholding of any kind. Without limiting the generality of the foregoing, the Borrower promises to pay the Mortgage Money and all parts thereof without deduction or withholding of any kind for taxes, levies, duties, fees or similar charges, that are imposed, assessed, levied, charged, collected or withheld by any government in or outside Canada. If the Borrower is required to deduct or withhold any such amounts from the payment of the Mortgage Money or any part thereof, the payment amount shall be increased so that the amount actually paid to MNFC is the amount MNFC would have received were the amounts not deducted or withheld.

4.2 Monies received by MNFC after 1:00 p.m. or on a Saturday, Sunday or statutory holiday shall be deemed to be received on and shall not be applied to the Mortgage Money until the next day which is not a Saturday, Sunday or statutory holiday;

4.3 The Borrower shall supply to MNFC for the term of the Mortgage a pre-authorized account payment form acceptable to MNFC for the Loan Payments;

4.4 If a payment under the Mortgage is not paid, not honoured by the Borrower's financial institution or paid late, the Borrower shall pay MNFC the following fees, in addition to any other remedies in the Mortgage;

(a) $75 on the first such occasion;

(b) $100 on the second such occasion;

(c) $125 on the third such occasion;

(d) $150 on the fourth such occasion;

(e) $175 on the fifth such occasion;

(f) $200 on the sixth and any other such occasions.

4.5 If any tax must be paid by MNFC on any monies paid by the Borrower to MNFC then the amount of such payment shall be increased such that the net amount kept by MNFC after payment of such tax will equal the amount that would have been paid were such tax not payable.

5. PREPAYMENT OF THE MORTGAGE MONEY

5.1 The Borrower does not have the right to prepay all or any part of the Mortgage Money unless such right is set forth in the Mortgage Form, and then only exactly as set forth in the Mortgage Form.

6. BORROWER'S PROMISES AND AGREEMENTS

6.1 The Borrower promises and agrees;

(a) to comply with all terms and conditions of any Permitted Encumbrances;

(b) to comply with all laws, bylaws and orders (federal, provincial, municipal or otherwise) that apply to the Land;

(c) that no hazardous or criminal activity of any kind will be conducted on the Land;

(d) that no hazardous or illegal substances, including marijuana, will be cultivated or processed on the Land;

(e) to sign any other document that MNFC reasonably requires to ensure that payment of the Mortgage Money is secured by the Mortgage or by any other security the Borrower has agreed to give to MNFC;

(f) to keep all buildings and improvements which form part of the Land in good condition;

(g) not to tear down any building or improvement or part of a building or improvement which forms part of the Land or to do anything that has the effect of reducing the value of the Land;

(h) not to construct, alter or add to any buildings or improvements on the Land without the prior written consent of MNFC, and then only in accordance with all accepted construction standards, building codes, government requirements and plans and specifications approved in writing by MNFC;

(i) to occupy the Land as the principal residence of the Borrower and the Borrower's immediate family, and not to allow the Land to be occupied by any other persons without the written consent of MNFC;

(j) if the Borrower has rented the Land or any part of the Land to a tenant, to keep records of the Income and of all expenses paid by the Borrower in connection with the Land and, at least annually, have a statement of revenue and expenses for the Land prepared by a professional accountant and to immediately give a copy of the statement to MNFC, if MNFC requires the Borrower to do so;

(k) to pay, except where prohibited by law, all of MNFC's fees and costs, including Legal Costs, to:

  (i) inspect the Land;

  (ii) investigate title to the Land;

  (iii) prepare and register the Mortgage and other security, or renewals thereof, including all necessary steps to advance and secure the Mortgage Money and to report to MNFC;

  (iv) collect the Mortgage Money;

  (v) enforce the terms of the Mortgage, including efforts to compel the Borrower to perform the Borrower's Promises and Agreements;

  (vi) take and keep possession of the Land;

  (vii) protect, preserve and defend MNFC's interest in the Mortgage and the Land;

  (viii) defend, participate in or monitor any proceeding, judicial or otherwise, that affects the Land;

  (ix) remove, dispose of, or otherwise deal with personal property left on the Land;

  (x) insure MNFC's interest in the Lands;

(xi) appraise the Lands;

(xii) investigate the environmental state of the Lands;

(xiii) remediate any environmental contamination or potential contamination of the Lands, or to comply with any requirement in this regard of any government;

(xiv) prepare a discharge of the Mortgage when the Borrower has paid all money due under the Mortgage and the Borrower wants it to be discharged;

(xv) prepare Mortgage Money statements for discharge or assumption purposes or otherwise;

(xvi) prepare renewal, extension or assumption agreements or documents;

(xvii) receive and process requests for assumption, extension or renewal, restructuring, reinstatement or other amendment of the Mortgage, whether or not completed; or;

(xviii) effect an assumption or transfer of the Mortgage;

(xix) do anything which the Borrower has promised to do but has not done;

(l) to pay any money which, if not paid, would result in a default under any Other Charges or which might result in a sale of the Land;

(m) to pay and cause to be discharged any Other Charges which are not Permitted Encumbrances;

(n) that the Borrower owns the Land and has the right to mortgage the Land to MNFC;

(o) that the Borrower's title to the Land is subject only to;

(i) those charges and encumbrances that are registered in the Land Title Office at the time the Borrower signed the Mortgage Form;

(ii) any unregistered charges and encumbrances that MNFC has agreed to in writing;

(p) that, subject to the immediately foregoing, the Borrower;

(i) has not granted any Other Charges;

(ii) has no knowledge of any other claims against the Land;

(q) that the Commitment is part of the Mortgage and if any part of the Commitment is inconsistent with any part of the Mortgage MNFC can determine, at its sole option, whether that part of the Commitment or that part of the Mortgage prevails;

(r) all representations and warranties of the Borrower in the Commitment are true.

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7. AGREEMENTS BETWEEN THE BORROWER AND MNFC

7.1 Any money paid to MNFC under the Mortgage shall;

(a) prior to a Default, be applied first in payment of any money other than the Principal Amount and Interest, second in payment of Interest, and third in payment of the Principal Amount; and

(b) after a Default, be applied to the Mortgage Money in any manner MNFC chooses;

7.2 MNFC may at any reasonable time inspect or have appraised the Land and any buildings and improvements which form part of it;

7.3 If MNFC takes possession of the Land MNFC will not be responsible for maintaining and preserving the Land and need only account to the Borrower for any money which MNFC actually receives in connection with the Land;

7.4 MNFC may, if it chooses, spend money to perform any of the Borrower's Promises and Agreements which the Borrower has not performed and any money so spent shall be added to the Principal Amount and be secured by the Mortgage, bear Interest from the date that the money was so spent, and be immediately due and payable to MNFC. MNFC can rely on any statement as to the amount of money required to be so spent, and the Borrower will not have any remedy against MNFC if any such statement is not correct;

7.5 If the Borrower wants to give any notice to MNFC, the Borrower must do so by having it delivered personally to a vice president of MNFC;

7.6 If MNFC wants to give any notice to the Borrower, MNFC may do so by having it delivered to or by sending it by mail to the last address of the Borrower or the Borrower's legal representative known to MNFC, or by sending it by facsimile transmission to the last known facsimile number of the Borrower or the Borrower's legal representative known to MNFC;

7.7 The Borrower is not released from the Borrower's Promises and Agreements only because the Borrower sells the Land;

7.8 The Borrower is not released from the Borrower's Promises and Agreements only because, after the Borrower sells the Land, any change is made to the terms and conditions of the Mortgage (and, in that event, the Borrower agrees to be bound by any such change);

7.9 If the Borrower has mortgaged or charged anything else to MNFC to secure payment of the Mortgage Money, MNFC may take all lawful proceedings under any of the mortgages or charges in any order that MNFC chooses;

7.10 The Mortgage is in addition to and not in substitution for any other security held by MNFC for the Mortgage Money;

7.11 MNFC's right of consolidation applies to the Mortgage and to any other mortgages given by the Borrower to MNFC. This means that if the Borrower has mortgaged other property to MNFC the Borrower will not have the right, after a Default, to pay off the Mortgage or any other mortgage unless the Borrower pays MNFC all money owed by the Borrower under the Mortgage and all of the other mortgages;

7.12 The Borrower agrees that MNFC may securitize, assign or pledge the Mortgage, without the consent of the Borrower. The Borrower irrevocably agrees that MNFC can collect, use and disclose all personal information included in or relevant to the Mortgage (including credit and default information) with respect to the Borrower or any Covenantor in connection with such securitization, assignment or pledge, or with respect to collection or enforcement proceedings for the Mortgage;

7.13 MNFC does not have to advance or re-advance the Principal Amount or the rest or any further part of the Principal Amount to the Borrower even though;

(a) the Borrower has signed the Mortgage;

(b) the Mortgage is registered in the Land Title Office; or

(c) MNFC has advanced part of the Principal Amount;

7.14 MNFC may deduct from any advance of the Principal Amount;

(a) any Taxes that are due;

(b) any Interest that is due and payable to the date of the advance, and to the Interest Adjustment Date;

(c) all of MNFC's fees and costs, including Legal Costs, of and in connection with the preparation and registration of the Mortgage and other security, including other necessary steps to advance and secure the Mortgage Money and to report to MNFC;

(d) any insurance premium;

(e) any appraisal or inspection fees; or

(f) any other money owing to MNFC by the Borrower.

8. INSURANCE

8.1 The Borrower promises and agrees;

(a) to insure and keep insured against the risk of fire and other risks and losses that MNFC asks the Borrower to insure against, with an insurance company licensed to do business and acceptable to MNFC, all buildings and improvements on the Land to their full insurable value on a replacement cost basis and to pay all insurance premiums when due;

(b) the insurance policy or policies required by the Mortgage Terms shall contain a standard mortgage clause and earthquake coverage approved by MNFC and shall state that payment of any loss shall be made to MNFC at the Place of Payment and, if the Mortgage is not a first mortgage, the amount of any payment made by the insurance company shall be paid to the Borrower's lenders in the order of their priorities;

(c) the Borrower gives up any statutory right to require the insurance proceeds to be applied in any particular manner;

(d) to send a true copy of each insurance policy and renewal certificate to MNFC at the Place of Payment;

(e) if the Mortgage is in default, the Borrower shall pay MNFC $75.00 for each month during which default continues, as compensation for MNFC's costs of insuring its interest in the Lands;

(f) that if MNFC insures its interest in the Lands, MNFC is under no obligation to otherwise insure the Lands.

9. TAXES

9.1 The Borrower promises and agrees;

(a) to pay all Taxes when they are due and to immediately send to MNFC at the Place of Payment all notices of Taxes which the Borrower receives and proof of payment of all Taxes once they are paid;

(b) to apply for all government grants, assistance and rebates in respect of Taxes;

(c) if MNFC requires the Borrower to do so, to pay MNFC;

(i) on each Payment Date the amount of money estimated by MNFC to be sufficient to permit MNFC to pay the Taxes when they are due, and

(ii) any money in addition to the money already paid towards the Taxes so that MNFC will be able to pay the Taxes in full.

10. DEFAULT

10.1 Default occurs under the Mortgage if;

(a) the Borrower breaks any of the Borrower's Promises and Agreements;

(b) the Covenantor breaks any of the Covenantor's Promises and Agreements;

(c) the Borrower breaks any promise or agreement which the Borrower has made to MNFC in a mortgage of any other land or other property or in any other agreement the Borrower has made with MNFC;

(d) the Covenantor breaks any promise or agreement which the Covenantor has made to MNFC in a mortgage of any other land or other property or in any other agreement the Covenantor has made with MNFC;

(e) the Borrower or the Covenantor breaks any of their promises and agreements in the Commitment;

(f) any of the representations of the Borrower or the Covenantor in the Mortgage or the Commitment are false;

(g) the Borrower or the Covenantor breaks any of their promises and agreements in any Other Charges;

(h) the Borrower or the Covenantor becomes bankrupt or insolvent;

(i) the Land is abandoned or is left unoccupied for thirty or more consecutive days, or construction of any building or improvement on the Land ceases for thirty or more consecutive days, without the prior written consent of MNFC;

(j) the Land or any part of it is expropriated;

(k) the Borrower sells or agrees to sell all or any part of the Land, or the Borrower leases all or any part of the Land, or the Borrower grants an option to purchase or a right of first refusal for all or any part of the Land, without the prior written consent of MNFC;

(l) the Borrower gives another mortgage or charge of the Land or the Income to someone other than MNFC without the prior written consent of MNFC;

(m) the Borrower does not discharge any judgment or similar charge registered in the Land Title Office against the Land within thirty days after its registration; or

(n) the Borrower allows any claim of builders lien or similar charge to remain registered in the Land Title Office against the Land for more than thirty days after its registration, unless the Borrower;

    (i) diligently disputes the validity of the claim by taking all necessary legal steps to do so;

    (ii) gives MNFC security acceptable to it, to pay the claim in full if it is found to be valid; and

    (iii) authorizes MNFC to use, if it chooses, the security to pay the lien in full;

(o) there is default under the Lease; or

(p) a Receiver is appointed;

10.2 If a Default occurs under the Mortgage, it will have the same effect as though a Default had occurred under any other mortgage or agreement between the Borrower and MNFC or the Covenantor and MNFC.

11. CONSEQUENCES OF A DEFAULT

11.1 If a Default occurs, all the Mortgage Money then owing to MNFC will, if MNFC chooses, at once become due and payable;

11.2 If a Default occurs, the Borrower waives any rights of reinstatement, whether by statute or otherwise;

11.3 If a Default occurs and involves the failure of the Borrower or the Covenantor to pay any money required to be paid by either of them under the Mortgage, MNFC may, if it chooses, make that payment and add it to the Principal Amount, without in any way waiving or excusing that Default;

11.4 If a Default occurs MNFC may, in any order that MNFC chooses, do any one or more of the following;

(a) demand payment of all the Mortgage Money;

(b) sue the Borrower for the amount of money due;

(c) sue the Covenantor for the amount of money due;

(d) take proceedings and any other legal steps to compel the Borrower to keep the Borrower's Promises and Agreements;

(e) take proceedings and any other legal steps to compel the Covenantor to keep the Covenantor's Promises and Agreements;

(f) sell the Land;

(g) apply to the Court for an Order that the Land be sold;

(h) apply to the Court to foreclose the Borrower's interest in the Land so that when the Court makes its final order of foreclosure the Borrower's interest in the Land will be absolutely vested in and belong to MNFC;

(i) appoint a Receiver;

(j) without becoming a mortgagee in possession, enter on the Land without the permission of anyone and make any arrangements MNFC considers necessary to;

  (i) inspect, lease, collect rents or manage the Land;

  (ii) complete the construction of any building or improvement on the Land; or

  (iii) repair any building or improvement on the Land;

  (iv) conduct environmental assessments or investigations of the Land;

(k) take, recover and keep possession of the Land;

(l) insure MNFC's interest in the Lands (whether or not the Lands are partially or fully Insured);

11.5 If MNFC sells the Land, the following terms and conditions shall apply to such a sale:

(a) notice shall be given to the Borrower and any other persons in such manner and form and within such time as provided by statute or regulation in the Province where the Land is located. Unless otherwise required, the Borrower agrees that notice may be given by having it delivered to or by sending it by mail to the last address of the Borrower or the Borrower's legal representative known to MNFC, or by sending it by facsimile transmission to the last known facsimile number of the Borrower or the Borrower's legal representative known to MNFC;

(b) the sale may be conducted immediately upon expiration of any period required by law or at any time thereafter, and MNFC may delay the sale for such period of time as it chooses;

(c) MNFC may sell the whole or any part or parts of the Land by public auction, private contract, or partly one or partly the other;

(d) MNFC may sell on such terms as to credit and otherwise as MNFC chooses and for such prices as can reasonably be obtained, and may make any stipulations as to title or other matter which MNFC chooses;

(e) in the case of a sale on credit MNFC will be bound to pay the Borrower or any other person with a claim thereto or apply on account of the Principal Amount only such monies as have actually been received from the purchaser from time to time;

(f) after the satisfaction of the Mortgage Money, MNFC is not bound to pay any remaining monies to the Borrower or any other person claiming entitlement thereto until all such agreements and assurances required by MNFC have been executed and delivered;

(g) MNFC may buy in or rescind or vary any contract for the sale of the whole or any part of the Land, and resell without being responsible for any resulting loss;

(h) any person, including MNFC or any employee, agent or representative of MNFC, may bid on, tender for or purchase the Land at the sale;

(i) any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper. No want of any required notice or publication shall invalidate any sale or lease under this Mortgage and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the power of sale shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given; any person prejudiced by an unauthorized, improper or irregular exercise of the power shall have his or her remedy against the person exercising the power in damages only;

(j) all provisions of the Mortgage relating to a sale of the Land following default, including, without limitation, the persons to whom notice of exercising the power of sale must be given and the manner of giving such notice, will be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising any power of sale or other sale remedy; wherever any such requirement may be waived or shortened, such requirement is hereby waived and shortened.

11.6 If MNFC obtains judgment against the Borrower as a result of a Default, the remedies in the Mortgage may continue to be used by MNFC to compel the Borrower to perform the Borrower's Promises and Agreements, and the judgment will not result in the merger of any of the Borrower's Promises and Agreements;

11.7 If MNFC obtains judgment against the Covenantor as a result of a Default, the remedies in the Mortgage may continue to be used by MNFC to compel the Covenantor to perform the Covenantor's Promises and Agreements;

11.8 MNFC will continue to be entitled to receive Interest on the Mortgage Money until all judgments are paid in full;

11.9 If MNFC does not exercise any of MNFC's rights on the happening of a Default or does not ask the Borrower or the Covenantor to cure it, MNFC is not prevented from later compelling the Borrower or the Covenantor to cure that Default or exercising any of those rights in connection with that Default or any later Default of the same or any other kind;

11.10 Any personal property which remains on the Land after;

(a) MNFC takes possession of the Land;

(b) a Receiver takes possession of the Land; or

(c) the Land is sold;

will be deemed to be abandoned. MNFC or a Receiver can remove, store, dispose of, or otherwise deal with such personal property as MNFC or a Receiver chooses, and in so doing MNFC or a Receiver shall not be or be deemed to be a bailee or liable in any way to the Borrower or any other person.

12. RECEIVER

12.1 The Borrower appoints both MNFC and any agent of MNFC as the Borrower's attorney to appoint a Receiver;

12.2 MNFC or MNFC's agent may, if any Default happens, appoint a Receiver and the Receiver;

(a) will be the Borrower's agent and the Borrower will be solely responsible for the Receiver's acts or omissions;

(b) has power, either in the Borrower's name or in the name of MNFC, to demand, recover and receive the Income and start and carry on any action or Court proceeding to collect the Income;

(c) may give receipts for the Income which the Receiver receives;

(d) may lease or sublease the Land or any part of it on terms and conditions that the Receiver chooses;

(e) may complete the construction of or repair any building or improvement on the Land;

(f) may take possession of all or part of the Land;

(g) may manage the Land and maintain it in good condition;

(h) has the power to perform, in whole or in part, the Borrower's Promises and Agreements;

(i) has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Land or will increase or preserve the value or income potential of the Land;

(j) has the power to sell the Land, and the provisions of section 11.5 with respect to a sale by MNFC will, to the extent applicable, apply to any sale by the Receiver;

12.3 From the Income received the Receiver may do any of the following in any order the Receiver chooses;

(a) retain a commission or fees and disbursements;

(b) pay all costs, including Legal Costs, in connection with the receivership or to collect the Income;

(c) pay all Taxes and the cost of maintaining and preserving the Land, completing the construction of any building or improvement on the Land, supplying goods, utilities and services to the Land and taking steps to preserve the Land from damage by weather, vandalism or any other cause;

(d) pay insurance premiums;

(e) pay any money that might, if not paid, result in a default under any Other Charges or that might result in the sale of the Land if not paid;

(f) pay Taxes in connection with anything the Receiver is entitled to do under the Mortgage;

(g) pay Interest to MNFC that is due and payable;

(h) pay all or part of the Principal Amount to MNFC whether or not it is due and payable;

(i) pay any other money owed by the Borrower under the Mortgage;

12.4 The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do;

12.5 A Receiver may be removed by MNFC and MNFC may appoint another in the Receiver's place;

12.6 The costs, fees, disbursements and borrowings of the Receiver, including interest thereon and Legal Costs, may be paid by MNFC and be added to the Mortgage Money;

12.7 Nothing done by the Receiver under this section will make MNFC a mortgagee in possession.

13. ASSIGNMENT OF RENTS

13.1 MNFC will not exercise its rights in this section unless a Default occurs;

13.2 The Borrower assigns to MNFC all Rental Agreements and all rights and benefits under the Rental Agreements and all the Income;

13.3 MNFC will not be responsible for the collection of the Income or any part of the Income or for the performance of any of the terms or conditions of the Rental Agreements;

13.4 MNFC need only account for whatever money MNFC actually receives by virtue of the Assignment of Rents less whatever costs, including Legal Costs, MNFC may incur, and such money when received by MNFC shall be applied on account of the Mortgage Money;

13.5 The Borrower and MNFC acknowledge that the Assignment of Rents is an additional and collateral security for the Mortgage and not in substitution for or in satisfaction of it, and that the Mortgage will not be merged with the Assignment of Rents, and in case of a Default MNFC may at its option take proceedings under either the Mortgage or the Assignment of Rents or both;

13.6 The Borrower will not accept prepayment of the Income due or becoming due and will only accept payment in due course;

13.7 The Income received by the Borrower will, unless otherwise permitted in writing by MNFC, be held by the Borrower in trust for MNFC and will be paid to MNFC on demand;

13.8 Nothing done by MNFC under this section will make MNFC a mortgagee in possession.

14. ASSIGNMENT OF PROCEEDS

14.1 The Borrower assigns to MNFC all proceeds received or receivable by, or paid or payable to, the Borrower;

(a) pursuant to any claim or action that the Borrower may have against any contractor, subcontractor, architect, supplier, materialman, designer, installer, manufacturer of equipment or any similar parties;

(b) pursuant to any insurance held by any of the immediately preceding parties;

(c) pursuant to any insurance for any public liability or property damage claim the Borrower may have against any parties;

(d) pursuant to any sale or disposition of the Land or the Borrower;

14.2 The Borrower shall hold any of the proceeds set forth above and received by it as trustee for MNFC.

15. SUBDIVISION

15.1 This section applies if the Land is subdivided;

15.2 The Mortgage will charge each subdivided lot as security for payment of all the Mortgage Money;

15.3 MNFC is not required to partially discharge the Mortgage as a charge on any of the subdivided lots, unless all the Mortgage Money is paid;

15.4 Even though MNFC is not required to discharge any subdivided lot from the Mortgage, MNFC may agree to do so in return for payment of all or part of the Mortgage Money. If MNFC discharges a subdivided lot, the Mortgage will continue to charge the subdivided lot or lots that have not been discharged.

16. CONSTRUCTION MORTGAGE

16.1 This section applies if the Mortgage is intended to finance any construction, alteration or addition on or to the Land;

16.2 The Borrower promises and agrees that;

(a) MNFC may make advances of the Principal Amount to the Borrower based on the progress of construction; MNFC will decide whether or not any advances will be made, the amount of the advances, and when they will be made;

(b) MNFC can charge a fee, for each advance made;

(c) MNFC can erect one or two signs of reasonable prominence on the Land, indicating that MNFC has provided the Mortgage Money;

(d) All plans, specifications, materials and workmanship shall be subject to the approval of MNFC;

(e) MNFC may inspect the Land and construction thereon at any time;

(f) MNFC is a lender only and is not involved in any way with construction, and the Borrower indemnifies MNFC from and against any claims which may be made against MNFC arising from or in any way connected with this section;

17. LEASEHOLD MORTGAGE

17.1 This section applies if the Land is or includes a leasehold interest;

17.2 The Borrower promises and agrees that;

(a) the Lease is owned by the Borrower subject only to those charges that are registered against the Land in the Land Title Office at the time the Borrower signs the Mortgage Form;

(b) the Lease is in good standing;

(c) the Borrower has complied with all the Borrower's promises and agreements in the Lease;

(d) the Borrower has paid all rent that is due and payable under the Lease;

(e) the Lease is not in default;

(f) the Borrower has the right to mortgage the Lease to MNFC;

(g) the Borrower will comply with the Lease and not do anything that would cause the Lease to be terminated;

(h) the Borrower will immediately give to MNFC a copy of any notice or request received from the landlord;

(i) the Borrower will immediately notify MNFC if the landlord advises the Borrower of the landlord's intention to terminate the Lease before the term expires;

(j) the Borrower will sign any other document MNFC requires to ensure that any greater interest in the Land that is acquired by the Borrower is charged by the Mortgage;

(k) the Borrower will not, without first obtaining the written consent of MNFC, surrender or terminate or change the terms of the Lease;

(l) the Borrower will renew the Lease or extend the term of the Lease as necessary to protect the interests of MNFC, and the Mortgage will extend to any such renewal or extension;

17.3 MNFC may perform any promises or agreements of the Borrower under the Lease;

17.4 Nothing done by MNFC under this section will make MNFC a mortgagee in possession.

18. STRATA LOT MORTGAGE

18.1 This section applies if the Land is or becomes a strata lot;

18.2 The Borrower will fulfill all of the Borrower's obligations as a Strata Lot owner under all applicable statutes, regulations, bylaws, rules and regulations of the Strata Corporation, and will pay all money owed by the Borrower to the Strata Corporation;

18.3 The Borrower assigns to MNFC the right to vote for the Borrower under the bylaws of the Strata Corporation but MNFC is not required to do so or to attend or vote at any meeting or to protect the Borrower's interest;

18.4 At the request of MNFC, the Borrower will give MNFC copies of all notices, financial statements and other documents given by the Strata Corporation to the Borrower;

18.5 The Borrower appoints MNFC to be the Borrower's agent to inspect or obtain copies of any records or other documents of the Strata Corporation that the Borrower is entitled to inspect or obtain;

18.6 MNFC may pay all money owed by the Borrower to the Strata Corporation, and add that amount to the Mortgage Money;

18.7 Nothing done by MNFC under this section will make MNFC a mortgagee in possession.

19. CURRENT OR RUNNING ACCOUNT MORTGAGE

19.1 This section applies if the Mortgage secures a current or running account;

19.2 MNFC may, on one or more occasions, advance and re-advance all or part of the Principal Amount and the Mortgage;

(a) will be security for payment of the Principal Amount as advanced and re-advanced and for all other money payable to MNFC under the Mortgage;

(b) will not be considered to have been redeemed only because;

 (i) the advances and re-advances made to the Borrower have been repaid; or

 (ii) the accounts of the Borrower with MNFC cease to be in debit; and

(c) remains effective security for further advances and re-advances until the Borrower has received a discharge of the Mortgage.

20. ENVIRONMENTAL MATTERS

20.1 The Borrower promises and agrees that, to the best of the Borrower's knowledge, no condition exists with respect to the storage or discharge into the earth or its atmosphere of effluents, waste or other materials, solid, liquid or gaseous of the Borrower, nor has any waste been disposed of in any way or manner which would cause the Borrower to be liable for fines or penalties under any applicable laws or rules or to incur expenses of any sort to correct any such condition. The Borrower has not received any notice, nor to the best of the Borrower's knowledge is any such notice pending, from any governmental body claiming any material violation of any environmental, zoning, building, health or safety law or ordinance requiring any work, repairs, construction, alterations, noise reduction, clean-up or installation which has not been complied with by the Borrower.

20.2 The Borrower promises and agrees to immediately remediate any environmental contamination or potential contamination of the Land, and to comply with any requirement in this regard of any government.

21. COVENANTOR'S PROMISES AND AGREEMENTS

21.1 As MNFC would not have agreed to lend all or part of the Principal Amount to the Borrower without the Covenantor's Promises and Agreements and in consideration of MNFC advancing all or part of the Principal Amount to the Borrower at the request of the Covenantor, and for other good and valuable consideration, the Covenantor promises and agrees;

(a) to pay all the Mortgage Money when due; and

(b) to keep and perform all the Borrower's Promises and Agreements;

21.2 The Covenantor agrees that, with or without notice, the following shall in no way affect any of the Covenantor's Promises and Agreements or the liability of the Covenantor to MNFC;

(a) a discharge of the Land or any part of the Land from the Mortgage;

(b) any disregard or waiver of a Default;

(c) any modification of the Mortgage, including a renewal of the Mortgage or a change in the Interest Rate;

(d) the giving of extra time to the Borrower to;

 (i) do something that the Borrower has agreed to do, including paying any of the Mortgage Money; or

 (ii) cure a Default;

(e) any other dealing between the Borrower and MNFC that concerns the Mortgage or the Land;

(f) the bankruptcy, insolvency, dissolution, death or incapacity of the Borrower; or

(g) the sale of the Land;

21.3 The Covenantor agrees to be bound by any modification of the Mortgage, or similar agreement, made between MNFC and the Borrower;

21.4 All the Covenantor's Promises and Agreements shall be binding on the Covenantor until all the Mortgage Money is fully paid to MNFC;

21.5 The Covenantor promises and agrees that MNFC may, at its sole option, enforce the Covenantor's Promises and Agreements, the Borrower's Promises and Agreements or any other security in the Mortgage in any order or combination MNFC may choose;

21.6 The Covenantor is a primary debtor to the same extent as if the Covenantor has signed the Mortgage as a Borrower and is not merely a guarantor or a surety and the Covenantor's Promises and Agreements are joint and several with the Borrower's Promises and Agreements. This means that the Covenantor and the Borrower are both liable to perform all the Borrower's Promises and Agreements;

21.7 If more than one person signs the Mortgage Form as Covenantor, the promises and agreements of the Covenantor are both joint and several.

22. CORPORATE BORROWER OR COVENANTOR

22.1 The Company will first obtain MNFC's prior written approval of any change in its control or ownership by;

(a) the transfer of any shares or voting rights by its members;

(b) the issuance or allotment of its shares to any person not a shareholder on the date of execution of the Mortgage;

(c) the appointment or election of directors other than those holding office on the date of execution of the Mortgage; or

(d) reorganization or amalgamation;

22.2 The Company promises and agrees that;

(a) it is and shall during the term of the Mortgage be validly existing and in good standing under the laws of the jurisdiction of its incorporation and legally qualified to carry on business in the jurisdiction(s) in which it carries on business and in which the Land is situate;

(b) it has all powers and authorizations necessary to enable it to execute the Mortgage;

(c) it has duly executed and delivered the Mortgage, so that the Mortgage is in full force and effect and constitutes a legal, valid and binding obligation of the Company;

(d) it has all such powers and authorizations necessary to enable it to own and operate or develop the Land or enable it to execute and deliver the Covenant;

(e) there are no outstanding unpaid judgments or claims against the Company and no actions, suits or proceedings pending or threatened against or affecting the Company or the Land which would result in a material adverse change on its financial position or business affairs or its ability to meet its obligations under the Mortgage.

23. GENERAL

23.1 Each Borrower is jointly and severally liable for all of the Borrower's Promises and Agreements as though each such Borrower had been the only Borrower to sign;

23.2 Each Covenantor is jointly and severally liable for all of the Covenantor's Promises and Agreements as though each such Covenantor had been the only Covenantor to sign;

23.3 If any part of the Mortgage is not enforceable all other parts will remain in effect and be enforceable;

23.4 In the Mortgage the singular includes the plural and the masculine includes the feminine and body corporate and vice versa, where the context requires;

23.5 The headings in the Mortgage Terms are inserted for convenience only and in no way affect the meaning or interpretation of the Mortgage;

23.6 Any addition to or modification, amendment, or variation of the Mortgage must be in writing and signed by a representative of MNFC, to be effective;

23.7 The Mortgage shall be interpreted and enforced in accordance with the laws of the Province in which the Land is situate. For all purposes relating to the Mortgage, the Borrower and the Covenantor submit and attorn to the jurisdiction of all Courts in Canada;

23.8 All references to statutes and regulations, in the Mortgage Terms, includes any amendments to or replacements of such statutes and regulations.

23.9 The Borrower and the Covenantor promise and agree to execute such further documents as may be required in the sole discretion of MNFC to give effect to the Mortgage;

23.10 The Borrower and the Covenantor acknowledge, promise and agree that the Mortgage shall be deemed to be executed by all parties under seal and that the Mortgage is to take effect as a deed.

DATED the 15th day of September, 2006.

MYNEXT FUNDING CORPORATION
by its solicitors
Gowling Lafleur Henderson LLP
Per:

Harry R. VanderLugt

FILED: , 2006

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200633 Cote

Filed by:	Canadian Tire Bank
Filing Date:	
Filing Number:	

CANADIAN TIRE

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200634 Cote
Filing Date OCT. 6th 2006 Date de Dépôt
Page 1 of/de 26 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

CANADIAN TIRE BANK

LAND REGISTRATION REFORM ACT (ONTARIO)

SET OF STANDARD CHARGE TERMS

FIXED AND VARIABLE RATE RESIDENTIAL CHARGE/MORTGAGE

The following set of standard charge terms shall be deemed to be included in every charge/mortgage in which the set is referred to by its filing number, as provided in section 9 of the *Land Registration Reform Act* (Ontario).

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1. DEFINITIONS

In this set of standard charge terms:

"**Act**" means the *Condominium Act* (Ontario), the regulations thereunder and any amendments thereto;

"**adjustment factor**" means, in the case of a variable rate mortgage, the percentage specified as such in the mortgage (subject to amendment in the mortgage loan agreement);

"**amounts secured**" means, collectively, all indebtedness and liability owing by you to us under the mortgage at any particular time, including, without limitation, the mortgage loan amount, interest and all costs, charges and expenses;

"**borrower**", "**you**" and "**your**" mean each person who signs the mortgage as mortgagor (chargor) and these terms may be used interchangeably in this set of standard charge terms;

"**business day**" means a day that is not a Saturday, Sunday or statutory holiday in the Province of Ontario;

"**Canadian Tire prime rate**" means the variable annual rate of interest that Canadian Tire Bank charges for variable interest loans and declares as its prime rate, which rate is subject to change from time to time at Canadian Tire Bank's sole discretion;

"**condominium corporation**" means the corporation created by the registration or deposit of a declaration and description under the Act in respect of the property;

"**condominium property**" is defined in section 27(e)(i);

"**default**" means that you have done one or more of the following: (a) you have not paid an amount of principal, interest or other amount due to us under the mortgage; (b) you have not done something that you agreed to do in the mortgage loan agreement or the mortgage; and (c) any representation or warranty in the mortgage loan agreement or the mortgage or any information that you have provided to us turns out to be incorrect, incomplete or misleading in any material respect when made;

"**excess prepayment amount**" is defined in section 8(c);

"**fixed rate**" means the annual rate of interest that is specified in the mortgage (subject to amendment in the mortgage loan agreement) and that does not vary during the term;

"**fixed rate mortgage**" means a mortgage which secures a mortgage loan on which interest is calculated at a fixed rate, and refers to either a fixed rate (closed) mortgage or a fixed rate (open) mortgage;

"**fixed rate (closed) mortgage**" means a fixed rate mortgage that is designated as "closed" in the mortgage commitment;

"**fixed rate (open) mortgage**" means a fixed rate mortgage that is designated as "open" in the mortgage commitment;

"**free prepayment amount**" is defined in section 7(a)(i);

"**interest adjustment date**" means the interest adjustment date set out in the mortgage loan agreement;

"**land registry office**" means the land registry office or the land titles office in the Province of Ontario having jurisdiction over the property;

"**maturity date**" means the date set out in the mortgage as the Last Payment Date, as such date may be extended from time to time;

"**mortgage**" means, collectively, a Form 2 Charge/Mortgage of Land or a Charge/Mortgage of Land prepared in electronic format under Part III of the *Land Registration Reform Act* (Ontario), any schedules attached to it and this set of standard charge terms, as the same may be amended from time to time, which secures the mortgage loan and the other amounts secured;

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“**mortgage insurance company**” means Canada Mortgage and Housing Corporation, Genworth Financial Mortgage Insurance Company Canada or any other similar mortgage insurance company;

“**mortgage loan**” is defined in section 2;

“**mortgage loan amount**’ means the outstanding principal amount of the mortgage loan at a particular time and any amounts which by the terms of the mortgage or the mortgage loan agreement are to be added to the mortgage loan amount;

“**mortgage loan agreement**” means, collectively, the mortgage commitment and any disclosure statement required by applicable law that we provide with respect to the mortgage loan and any other written agreement (other than the mortgage) between you and us which sets out terms of the mortgage loan, including any amendment to those terms;

“**mortgage rate**” means the fixed rate, in the case of a fixed rate mortgage, or the variable rate, in the case of a variable rate mortgage;

“**mortgage year**” means the 12-month period from the interest adjustment date or an anniversary of such date;

“**net proceeds**” means the proceeds of the sale or lease of the property, less the costs incurred by us to take, recover or keep possession of the property, to sell, lease or transfer the property, including, without limitation, all amounts paid by us on account of taxes, maintenance, repairs, utilities, insurance, appraisal fees, common expenses, special assessments and other costs paid to the condominium corporation and any other amount that we may pay to maintain, operate, manage or preserve the property and our legal expenses in connection with the foregoing;

“**new mortgage**” is defined in section 25;

“**other claims**” is defined in section 6(a)(xii);

“**prepayment interest rate differential amount**” means the amount by which (a) below exceeds (b) below:

(a) the total amount of interest which would have been payable on the excess prepayment amount, calculated from the date of prepayment to the maturity date, at the mortgage rate; and

(b) the total amount of interest which would have been payable on the excess prepayment amount, calculated from the date of prepayment to the maturity date, at the annual interest rate set by us, in our sole discretion, and which would be applicable to a first mortgage for a term commencing on the date of prepayment and expiring on the maturity date, or for the mortgage term nearest in length to the remainder of the term on the prepayment date;

(If (a) above is the same or less than (b) above, then the “prepayment interest rate differential amount” is zero.)

“**prepayment privilege**” means the privilege to prepay without penalty in a mortgage year a portion of the mortgage loan amount, as provided in section 8;

“**property**” means the real property legally and municipally described in the mortgage, all buildings and structures now on such property or later added, and anything now or later attached to or fixed to any building or structure on such property or attached to or fixed to such property, including, without limitation, additions, alterations, substitutions, improvements, equipment and other apparatus of any kind or nature on such property and, in the case of a condominium unit, includes, without limitation, the common elements and any other interest you have in the condominium property;

“**section**” means a section of this set of standard charge terms;

“**successor**” means an heir, executor, administrator, liquidator, personal representative or successor;

“**taxes**” is defined in section 11;

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"**term**" means the term of the mortgage, which is the period starting on the interest adjustment date and ending on the maturity date or, if the mortgage is extended, the period starting on the day following the current maturity date and ending on the next maturity date, and so on from time to time;

"**transferable mortgage loan amount**" is defined in section 24;

"**variable rate adjustment date**" is defined in section 3;

"**variable rate**" means, at any particular time, the annual rate of interest that is determined by subtracting the adjustment factor from the Canadian Tire prime rate at such time;

"**variable rate mortgage**" means a mortgage which secures a mortgage loan on which interest is calculated at the variable rate; and

"**we**", "**our**", "**us**" and "**mortgagee**" means Canadian Tire Bank, and these terms may be used interchangeably in these standard change terms.

2. GRANT OF MORTGAGE

We have agreed to loan you money on the terms set out in the mortgage loan agreement and the mortgage. In consideration for the money which we loan to you from time to time as provided in the mortgage loan agreement (the "**mortgage loan**"):

(a) if you own the property, you mortgage and charge your entire freehold interest in the property to us; or

(b) if you lease the property, you mortgage and charge and sublease to us your entire leasehold interest (including, without limitation, any option or right of first refusal to purchase) in the property for the entire term (except the last day) of your lease; and

(c) if you lease the property and you subsequently acquire the freehold title to the property, the mortgage will by operation of law become a mortgage of the freehold interest in the property to the same extent and effect as if you had been the owner of the freehold, free from encumbrances, at the date of the mortgage. For the purposes of this section, you hereby mortgage and charge the freehold interest in the property to and in favour of us, such mortgage and charge to take effect upon your acquiring freehold title to the property;

in each case, to secure repayment of the mortgage loan and the other amounts secured and to ensure that you strictly perform all your obligations under the mortgage and the mortgage loan agreement.

When you have repaid the mortgage loan in full as provided in the mortgage, we are under no obligation to loan any additional principal amounts to you. Once you have paid the amounts secured in full, we will have no further interest in the property under the mortgage.

3. INTEREST ON YOUR MORTGAGE LOAN

If you have a fixed rate mortgage, we charge you interest on the mortgage loan amount at the fixed rate.

If you have a variable rate mortgage, we charge you interest on the mortgage loan amount at the variable rate. The variable rate will be adjusted automatically on the first business day following any change in the Canadian Tire prime rate (a "**variable rate adjustment date**") and will apply until the day before the next variable rate adjustment date.

For fixed rate mortgages interest is calculated semi-annually not in advance and for variable rate mortgages interest is calculated monthly not in advance. Section 44 sets out the interest rates calculated half-yearly not in advance which are equivalent to interest rates calculated monthly not in advance. In the case of both fixed rate mortgages and variable rate mortgages, interest is payable at the applicable rate both before and after the maturity date, default and judgment, until the mortgage loan amount and other amounts secured have been paid in full. To find out the Canadian Tire prime rate at any time call the telephone number set out in the mortgage commitment or on the website

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specified in the mortgage commitment. The current Canadian Tire prime rate will also be posted on that website.

4. COMPOUND INTEREST

If you do not pay us any amount when required by the mortgage and the mortgage loan agreement that is in respect of interest, you will be charged interest on any arrears of interest (this is referred to as compound interest) at the mortgage rate, both before and after maturity, default and judgment. You must pay compound interest immediately when we ask you to pay it. If any arrears of interest and compound interest on such arrears are not paid in full at the end of any successive six-month period following the Interest Adjustment Date, such arrears and compound interest will be added to the mortgage loan amount on such day and interest at the mortgage rate will be charged on such increased mortgage loan amount.

5. CERTAIN PROMISES YOU MAKE TO US

(a) You agree with us, and represent and warrant to us, that:

(i) you will pay the mortgage loan amount as required by the mortgage loan agreement and the mortgage and you will comply with all of your other obligations under the mortgage and the mortgage loan agreement, and you acknowledge that your obligation to make all such payments is unconditional and is not subject to any right of set-off or counterclaim that you may now or hereafter claim in respect of any dealings between you and us or any other person;

(ii) you will pay taxes assessed against the property to the relevant tax authority as provided in section 11;

(iii) unless you are the tenant of the property, you are the lawful owner of the property with a good and marketable title to the property and there are no encumbrances affecting title to the property;

(iv) you have the right to grant us the mortgage;

(v) there are no limitations affecting title to, or your interest in, the property except for any restrictions registered in the land registry office and except for building and zoning by-laws, with which you have complied in all respects;

(vi) all information that you have provided to us concerning your marital status and whether the property is a matrimonial home within the meaning of the *Family Law Act* (Ontario) is true, complete and correct at the time the mortgage is signed and delivered;

(vii) all representations made by you in the mortgage loan agreement and the mortgage are true, complete and correct at the time the mortgage is signed and delivered;

(viii) to the best of your knowledge and belief, after reasonable enquiry and investigation:

(A) no condition exists on the property which is a contravention of any law, regulation, by-law, order, decree or other legally binding requirement that relates to the protection of the environment, hazardous substances or public health and safety;

(B) no part of the property is or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in strict compliance with all laws, regulations, by-laws, orders, decrees and other legally binding requirements;

(C) there are no underground or aboveground storage tanks on the property except in strict compliance with all laws, regulations, by-laws, orders, decrees and other legally binding requirements relating to underground and aboveground storage tanks, the protection of the environment, hazardous substances or public health and safety;

(D) no part of the property contains or will in the future contain any hazardous substance except in strict compliance with all laws, regulations, by-laws, orders, decrees and all other legally binding requirements;

(E) no claim, notice, order, investigation or other proceeding, in each case pursuant to any law, regulation, by-law, order, decree or other legally binding requirement that relates to the protection of the environment, hazardous substances or public health and safety, has been made, issued or threatened in relation to any condition on the property; and

(F) no part of the property is currently in non-compliance with, or used in any manner which is in non-compliance with, any law, regulation, by-law, order, decree or other legally binding requirement relating to the protection of the environment, hazardous substances or public health and safety.

We may (but are not obligated to) require you, at your sole cost and expense, to obtain an environmental assessment (which may include any environmental investigations of the property we deem necessary and desirable) of all or any part of the property, which environmental assessment must be satisfactory to us, but such assessment does not relieve you from your obligations under this section 5(a)(viii).

If a change in the environmental condition on or with respect to the property makes any of the above statements untrue, you will give us written notice of such change immediately, including a copy, where applicable, of any correspondence with any regulatory body or third party about the condition.

You will not, and will not allow any other person to, create or allow to exist any condition on or with respect to the property that does or could constitute a violation of any law, regulation, by-law, order, decree or other legally binding requirement relating to the protection of the environment, hazardous substances or public health and safety now and as such requirements come into force in the future;

(ix) you will, at your expense, sign any other document or take any further action which we may request, from time to time, to ensure that your entire interest in the property has been fully mortgaged to us and that the amounts secured is adequately secured by the property;

(x) if you are in default, we will have the right to take possession of the property without any interference;

(xi) you will take any action necessary to protect your title to or interest in the property, including, without limitation, protecting your rights under any applicable legislation, statute or regulation of any municipal, provincial or federal government or regulatory body and you will not in any way interfere with our interest in the property;

(xii) you will not, without our prior written consent, further encumber the property and you will keep the property free and clear of any subsequent mortgages and from all other encumbrances, including, without limitation, liens, mortgages, arrears of taxes, arrears of condominium common expenses or other condominium charges or expenses, executions and rights (which encumbrances, liens, mortgages and mortgages and all prior mortgages, if any, are collectively referred to as "**other claims**");

(xiii) we may pay the whole or any part of any other claims at any time having priority over the mortgage. The amounts so paid will be payable by you to us on demand and will, until paid, together with any other costs incurred by us, be included in the amounts secured, be secured by the mortgage and bear interest at the mortgage rate. We will be entitled to the equities and the rights and securities of the person or persons so paid and to obtain an assignment of any other claims so paid and of any right to payment and we are authorized to retain any discharge of any other claims, without registration, until payment to us of the other claims in full; and

(xiv) you will not conduct, or permit to be conducted, any illegal activities on the property.

(b) If you are a tenant of the property, you also agree with us that:

(i) the property is leased to you under a valid and subsisting lease, a complete copy of which you have given to us and that you have good leasehold title to the property;

(ii) all rents and other monies payable under the lease have been paid in full and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or you have the right, without your landlord's consent, to mortgage your interest in the lease to us;

(iv) you have not done, or permitted to occur, any act to encumber the lease or any part of the lease except under the mortgage;

(v) there are no limitations on your interest in the property except for any set out in the lease, restrictions registered in the land registry office, and except for building and zoning by-laws, with which you and your landlord have complied in all respects;

(vi) you will pay rents and other payments required by the lease as they fall due and will not claim any rights of set-off;

(vii) you will comply with all your other obligations set out in the lease;

(viii) you will not surrender or assign the lease or any of your rights under the lease or sublet all or any part of the property or cause the lease to be terminated;

(ix) you will not make any change to the lease without first obtaining our prior written consent;

(x) where the lease contains an option to renew the term of the lease or a right of first refusal to lease or purchase the property, you will not allow any such right or option to lapse at any time while there remain any amounts secured without our prior written consent;

(xi) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(xii) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in the property and in the lease has been fully mortgaged to us and that the amounts secured are adequately secured;

(xiii) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xiv) you will hold the last day of the term of your lease or of any renewal term of the lease in trust for us and will only deal with it in such manner as we will require. You will have the same rights arising from this section 5(b)(xiv) as you already have under other provisions of the mortgage and at law;

(xv) at our request, but at your sole cost and expense, you will transfer to us the last day of the term of the lease or of any renewal term. If we enforce our rights under the mortgage, particularly those referred to in section 28(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's successors and will only deal with it in such manner as such person requires;

(xvi) you irrevocably appoint us as your attorney so that we, on your behalf and in your name, may enforce any of the covenants in your favour under the lease, exercise any right or option available to you under the lease (including any right of renewal or termination) or assign the lease and the last day of the term of the lease and of any renewal term of the lease and convey your interest in the property as we may require to perfect any sale we may make under section 28 and, in particular, under section 28(a)(vi);

(xvii) we may remove you or any other person as trustee of the trust referred to in section 5(b)(xiv) and appoint a new trustee or trustees; and

(xviii) any breach of a term of the lease constitutes a default under the mortgage and you agree that we have the right (but not the obligation) at any time to pay any amount outstanding under the lease or take any action as may be necessary to bring the lease into good standing, and to add all amounts paid by us and all costs incurred by us to the amounts secured.

6. HOW YOU WILL REPAY THE MORTGAGE LOAN

(a) Currency and Place

You will make each payment that is due to us under the mortgage in Canadian dollars, on the date that the particular payment is due at our address set out in the mortgage or as otherwise provided in this set of standard charge terms.

(b) Interest Adjustment Date

Interest on all money we have advanced to you up to the interest adjustment date will be calculated daily at the mortgage rate up to but not including the interest adjustment date. At our option, such accrued interest will be (i) payable by you to us on the interest adjustment date; or (ii) added to the mortgage loan amount on the interest adjustment date and bear interest at the mortgage rate; or (iii) deducted by us from any advance or advances which we make; or (iv) deducted by us from your account referred to in section 6(e) on the first regular payment date.

(c) Regular Payments

You will make regular payments of principal and interest to us in the amount and on the payment dates specified in the mortgage, beginning on the first payment date and continuing until and including the maturity date. You may, upon request and at our discretion, change your regular payment date to another payment date, or the frequency of your regular payments which, in each case, is then currently offered for your type of mortgage. Any interest outstanding as a result of such change to your regular payment date will be added to the first regular payment that is due after such change. If you have a variable rate mortgage and you change your regular payment date, the amount of your regular payment of principal and interest will be changed, if necessary, to reflect the current variable rate. You will pay the mortgage loan amount, any accrued and unpaid interest and any other amounts secured on the maturity date.

(d) Term/Amortization (Applicable only to Variable Rate Mortgages)

If you have a variable rate mortgage, the amount of your regular principal and interest payment will not be increased unless as a result of an increase in the Canadian Tire prime rate the current amount of your regular payment of principal and interest is not enough to pay the outstanding interest owing under the mortgage. You also have the option of converting to a fixed rate mortgage (see section

19). If the Canadian Tire prime rate later decreases, you have the choice of keeping your regular payments of principal and interest the same or reducing them to reflect the lower rate, but the reduced payments must still be sufficient to amortize the mortgage loan over the remainder of the amortization period that is specified in the mortgage loan agreement.

(e) Bank Account for Payments

You will maintain an account of a type satisfactory to us with a branch of a Canadian chartered bank or trust company or such other bank, trust company, caisse populaire or credit union approved by us in writing and provide an authorization in a form acceptable to us to automatically debit each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. You will ensure that the account always contains sufficient funds to meet each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be a default. You agree to pay us our then current administration and processing fees for any actions which we have to take as a result of your default under this section 6(e).

(f) How Your Regular Payments are Applied

Each of your regular payments will be used: (i) first, to pay interest or reduce the interest on the mortgage loan amount, that has accrued to, but not including, the payment date; and (ii) second, to reduce the mortgage loan amount. However, if you are in default, we may apply your payment or any other money we receive towards any part of the amounts secured that we choose in our sole discretion.

(g) Payments after Default

If you have not paid the mortgage loan amount or any part thereof when it is due under the mortgage, we are not obliged to accept payment of such amount that is overdue unless you either (i) pay to us 3 months' interest on the unpaid amount at the mortgage rate and interest that has accrued on such unpaid amount until the date of payment thereof, or (ii) give us at least 3 months' notice of your intention to pay such unpaid amount on a specified date and pay us interest on the unpaid amount until the date of payment. The foregoing, however, does not affect our right to exercise the remedies that we have under the mortgage as a result of your failure to pay the mortgage loan amount or any part thereof when due.

7. PREPAYMENT OF FIXED RATE (OPEN) MORTGAGES

If you have a fixed rate (open) mortgage and are not in default, you may, without charge, on 10 days' written notice to us, prepay all or any part of the mortgage loan amount or increase by any amount the amount of your regular payments of principal and interest. After you have increased the amount of your regular payments, you may, on 10 days' written notice to us, reduce the amount of your regular payments to an amount that is not less than the amount of the first regular payment required under the mortgage.

8. PREPAYMENT OF CLOSED MORTGAGES

If you have a fixed rate (closed) mortgage or a variable rate mortgage and are not in default, you have the following prepayment privileges:

(a) In each mortgage year you may prepay in total up to 20% of the mortgage loan amount that was outstanding at the beginning of the term (the **"free prepayment amount"**) without any charge. The free prepayment amount is not cumulative and therefore if not used in a mortgage year, the unused portion of the free prepayment amount cannot be carried forward and used in a later mortgage year. Any prepayment must be made on a regular payment date.

(b) On 10 days' written notice to us, you may increase the amount of your regular payments of principal and interest, provided that the total of all such increases during any mortgage year does not exceed 20% of the amount of the first regular payment that was required under the mortgage. This means that in the fifth year of a 5-year fixed rate (closed) mortgage your regular payment could be double the original amount of your regular payment if you have taken full advantage of this prepayment privilege in each mortgage year. After you have increased the amount of your regular payments, you may, on 10 days' written notice to us, reduce the amount of your regular payments to an amount that is not less than the amount of the first regular payment that was required under the mortgage.

(c) On any regular payment date you may prepay all or any part of the mortgage loan amount, but to the extent that the amount that you prepay exceeds the unused free prepayment amount in that mortgage year (the **"excess prepayment amount"**) you must pay us a prepayment charge in an amount equal to the greater of (i) 3 months' interest at the mortgage rate on the excess prepayment amount, or (ii) the prepayment interest rate differential amount.

9. EARLY RENEWAL OF FIXED RATE MORTGAGES

If the property contains more than four living units or if the property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no right of early renewal.

If you have a fixed rate mortgage, then you may renew the mortgage before the maturity date, subject to the following conditions:

(a) you must apply to us to use this right of early renewal;

(b) you must select from the mortgage options that we offer at the time that you apply for early renewal;

(c) you must enter into an agreement amending the mortgage, acceptable to us;

(d) an early renewal is treated the same as an early repayment in full of the mortgage loan amount and therefore if you have a fixed rate (closed) mortgage, you must pay us the prepayment charge, if any, payable under section 8(c);

(e) you must pay us our then current administration and processing fees to renew the mortgage, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made; and

(f) you must pay all legal expenses with respect to the renewal documentation and its registration.

10. INSURANCE

If the property is not a single residential condominium unit, you must insure and keep insured in our favour and until the mortgage is discharged, the property, including, without limitation, all buildings, structures, fixtures and improvements now or in the future located on the property for not less than their full replacement value in Canadian dollars. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower or sprinkler system or any other comparable apparatus is operated on the property, you must also insure and keep insured in our favour and until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

All insurance policies must be provided by a company approved by us and contain mortgage clauses approved by the Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and that we will have the first right to receive and to have a lien on the loss proceeds. Upon our request, you will provide us with certified copies of every insurance policy with respect to the property and, not less than 15 days before any policy expires, evidence of its renewal.

We may place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us and, at our option, if not so paid, will be added to the mortgage loan amount and will bear interest at the mortgage rate.

If any loss or damage occurs, you will immediately, at your sole cost and expense, do everything necessary to enable us to obtain the insurance proceeds. The production of a copy of the mortgage will be sufficient authority for the insurance company to pay any loss to us or to accept instructions from us dealing with the loss and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part, be: (i) used to repair or rebuild the property; (ii) paid to you; and/or (iii) used to repay any part of the mortgage loan amount or interest thereon, whether due or not.

11. PROPERTY TAXES

In this set of standard charge terms, "**taxes**" includes all taxes, rates and assessments of any nature or kind, including, without limitation, property taxes, municipal taxes, school taxes, local improvement rates or charges, development cost charges, interest and penalties payable with respect to the property.

We may withhold from any advance under the mortgage loan any amount we feel necessary to pay taxes then owing or due in the future.

You are responsible for the payment of all taxes which you will pay when due. Upon our request, you will provide us with all the receipted tax bills or a tax certificate confirming that taxes have been paid for the current calendar year. If you fail to provide us with such bills or certificates, we may make inquiries with the appropriate tax authority to determine whether current taxes have been paid, and you must immediately reimburse us for all expenses we incur in so doing.

In the alternative, we may, at our option and on written notice to you, estimate the amount of taxes payable each year and you agree to pay to us sufficient monies by equal instalments with each regular payment of principal and interest during the term to be applied on account of such taxes. We agree to apply these instalment payments against your taxes as long as you are not in default, although we are not obligated to apply payments on account of your taxes more often than annually, provided that if you have failed to make a payment of principal, interest or any other monies to be paid by you under the mortgage, then we may, at our option, apply the amount of such instalments that we still hold towards payment of any such unpaid principal, interest or other monies. If the taxes actually payable for any year, together with any interest and penalties, exceed the estimated amount, you agree to pay us promptly upon written notice from us the amount required to make up the difference. If you wish to take advantage of any discounts or to avoid any penalties in connection with the payment of taxes, you may pay to us such additional amounts as are required for that purpose. If we are paying your taxes, you agree to send to us the tax bills and other notices relating to taxes immediately after you have received them.

If you do not pay your taxes when they are due, then we may, but will not be obligated to, make those payments for you and the amounts paid by us will: (i) be a mortgage on the property in favour of us in priority to all claims subsequent to the mortgage; (ii) be payable by you immediately with interest at the mortgage rate until paid; and (iii) may, at our option, be added to the mortgage loan amount and will bear interest at the mortgage rate.

12. REPAIRS

You agree to keep the property in a good condition and state of repair and carry out all necessary repairs. You agree not to do, or let anyone else do, anything which lowers the value of the property. You will comply with every present and future statute, by-law, ordinance, regulation, order and decree affecting the condition, repair, use or occupation of the property.

If, in our opinion, you do not keep the property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this section 12, then we can make whatever repairs are, in our opinion, necessary. The costs of any inspections and repairs are payable by you immediately and, if not paid, will be added to the mortgage loan amount and will bear interest at the mortgage rate.

You authorize us or anyone on our behalf to enter the property at all reasonable times to inspect the property and make repairs, but we will not become a mortgagee in possession by exercising these rights.

13. DEMOLITION AND ALTERATIONS

You agree not to demolish the whole or any part of any building or structure on the property without first obtaining our written approval or make any material alterations, additions or improvements to the property without first obtaining our written approval to your proposed plans and specifications. In either case, we may withhold our approval in our sole discretion.

The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to the property. Upon our request, and at your sole cost and expense, you will provide us with proof of payment and compliance with governmental requirements and building standards. You must retain all holdbacks required or allowed to be retained by law and such governmental requirements and building standards, as the case may be. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including, without limitation, any charges for providing financial guarantees or other security, are immediately payable by you to us and, if you do not pay them, we will add them to the mortgage loan amount and they will bear interest at the mortgage rate.

14. NO OBLIGATION TO MAKE ADVANCES TO YOU

If we decide, for any reason, not to advance to you all or any part of the mortgage loan amount, we are not obligated to do so. This applies even if the mortgage has been signed and registered and whether or not any part of the mortgage loan amount has previously been advanced. However, by signing the mortgage you have mortgaged all of your interest in the property to us and you will pay us, on demand, all of our costs, including, without limitation, all our legal fees and disbursements, title insurance, expenses for investigating title to or zoning compliance of the property and for preparing and registering the mortgage even if we do not advance any part of the mortgage loan amount.

15. LEASES AND RENTS

If the property is intended to be used as owner-occupied single-family residential premises, you represent and agree that no part of the property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a lease of the whole or any part of the property or renew any lease (other than a renewal provided for in any lease) without first obtaining our written approval which we may withhold in our sole discretion.

If now or in the future you lease the whole or any part of the property to another person or persons, we must approve of such lease in the mortgage loan agreement. If you do enter into such a lease, you hereby:

(a) assign to us all leases, agreements and their renewals, and all rights thereunder as they affect the property;

(b) assign to us all rent and any other monies payable under the leases and agreements;

(c) give us security on chattels, fixtures and equipment as we may reasonably require; and

(d) agree to provide to us such additional security as we may require,

all as security for the amounts secured.

You agree to pay all of our expenses, including, without limitation, all our legal fees and disbursements and other costs relating to any such additional security that we may require.

If you do not comply with any of your obligations under this section 15, at our option the amounts secured will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling the property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the amounts secured and will bear interest at the mortgage rate. You irrevocably appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

Nothing we do under this section 15 will put us in possession of the property and we are not obliged to collect any rent or income from the property or to comply with any term of any lease or agreement.

16. ACCELERATION OF REPAYMENT OF AMOUNTS SECURED

The amounts secured will immediately become payable, at our option, if:

(a) subject to section 20, you do not make any payment when due as required by the mortgage or the mortgage loan agreement;

(b) you do not comply with any of your other obligations under the mortgage or the mortgage loan agreement;

(c) we discover that any representation or warranty you made to us in applying for the mortgage loan, in the mortgage loan agreement or in the mortgage (including, without limitation, those contained in section 5) is untrue;

(d) you do not observe or perform any obligation or condition contained in any mortgage, lien or encumbrance ranking in priority to our mortgage;

(e) any buildings being erected on or additions, alterations or improvements done to the property remain unfinished without work being done on them for a period of ten consecutive days;

(f) the property is abandoned;

(g) a receiver, trustee or person of similar authority is appointed with respect to the property;

(h) you commit an act of bankruptcy, make a proposal to your creditors, make an assignment in bankruptcy or a petition for a receiving order is filed against you;

(i) if the mortgage loan is guaranteed and the guarantor denies liability under the guarantee in section 30, dies or an event described in paragraph (h) above occurs with respect to the guarantor; or

(j) you transfer, or agree to transfer, title to the property without our consent.

We have the right to waive any particular default by you but if we do so we are not waiving any other existing default or one or more defaults which may occur in the future.

17. BUILDING MORTGAGE

If any portion of the mortgage loan is to be used to finance an improvement on the property (meaning any alteration, addition or repair to or any construction, erection or installation on, the property including, without limitation, the demolition or removal of all or any part of any building, structure or works on the property), you must first obtain our written approval of this before any advances are made. You agree to make the improvement only in accordance with plans and specifications that we have approved in writing and to complete the improvement as quickly as possible.

Subject to section 13, we may make advances to you under the mortgage loan based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale. We will decide whether advances may be made and when they will be made.

Whatever the purpose of the mortgage loan, we may retain funds from any advance or advances until we are completely satisfied that you have retained the holdback amount that you are required or allowed to retain under applicable construction lien legislation, as the case may be, and the lien period has expired. You authorize us to give information about the mortgage to anyone who claims a construction lien on the property.

18. RELEASING THE PROPERTY FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of the property, whether or not we receive any value, and we will be accountable to you only for money that we actually receive. If we release our interest under the mortgage in only a part of the property, the remainder of the property will continue to secure the amounts secured and your obligations, and those of any guarantor, under the mortgage will continue unchanged. You will pay our then current administration or processing fee for preparing and signing the discharge and all legal and other expenses, whether the discharge is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge on your title and to pay the registration fee. If the property is subdivided, each part of the property will secure payment of the amounts secured.

19. CONVERSION OF VARIABLE RATE MORTGAGES

If you have a variable rate mortgage and are not in default and you satisfy our requirements in effect at the time you would like to convert the mortgage, you may convert the mortgage to a fixed rate mortgage with a term that is at least equal to or greater than the remaining term of the variable rate mortgage, with interest at the current fixed rate and containing the terms and provisions that are offered by us at the time of conversion, subject to the following conditions:

(a) you must apply to us and you must enter into a mortgage amending agreement or a new fixed rate mortgage which is satisfactory to us;

(b) you must pay us our then current administration or processing fees in connection with the conversion, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made; and

(c) once the mortgage has been converted, the prepayment privileges applicable to the variable rate mortgage will no longer apply, but instead prepayment privileges, if any, will be those contained in the mortgage amending agreement, the new fixed rate mortgage or other similar documentation that we may use for these purposes at that time.

20. SKIP A PAYMENT

If you are not in default, and subject to compliance with the *National Housing Act* (Canada) if your mortgage is insured thereunder, you may, on at least five business days' notice to us in writing or by telephone, skip a regular payment of principal and interest under the mortgage without being in default, if you do so not more than once in any mortgage year. You may repay the amount of any skipped regular payment at any time during the term without penalty. You will still be required to pay any amount related to taxes or insurance due on the date such skipped regular payment was otherwise required to be made. The interest portion of the skipped regular payment will be added to the mortgage loan amount and will bear interest at the mortgage rate. If you skip one or more regular payments of principal and interest this will extend the amortization period of the mortgage.

21. ADDITIONAL ADVANCES

We may from time to time at our sole option make additional advances under the mortgage loan provided that the mortgage loan amount does not at any time exceed the principal amount set out in the mortgage at the beginning of the term. If we request, you will enter into an agreement with us that any additional advances are secured by the mortgage. All additional advances, interest thereon and any other amounts owing with respect to such additional advances will be secured by, and repaid in accordance with, the provisions of the mortgage loan agreement and the mortgage. These provisions apply notwithstanding that the amount of the mortgage loan may be reduced and subsequently increased or repaid and subsequently loaned again. If additional advances are made prior to the expiry of the term, the term will be extended based on the interest rate and term that you select. We are entitled to discharge the mortgage without notice to you once you have repaid all amounts secured.

22. RENEWING, EXTENDING OR AMENDING THE MORTGAGE

Subject to our acceptance, the mortgage may from time to time be renewed, extended or amended by an agreement (in a form acceptable to us) with you, with or without any increase in the interest rate or the principal amount. We are entitled to make any registrations against title to the property as we deem necessary to give notice of any agreement between you and us and, if requested, you will assist us with any registration we may make. The entering into of any agreement by us with any borrower and with any other person liable to pay the mortgage loan amount will not release or affect the liability of anyone who does not enter into such agreement.

If we do not receive notice from you before the maturity date that either (i) you intend to repay the mortgage loan amount in full on the maturity date, or (ii) you would like to extend the term, then, at our option, unless we notify you to the contrary and without entering into a further agreement with you, effective on the maturity date the term will be extended for six months from the maturity date, the interest rate will be our then current interest rate for a six-month fixed rate open mortgage and you may prepay the mortgage loan amount in whole or in part on any regular scheduled payment date without any prepayment charge.

23. DUE ON SALE

If you transfer title to the property, or agree to do so, without our prior written approval, the amounts secured will, at our option, immediately become due and payable in full unless we have agreed to the assumption of the mortgage by the transferee of title to the property as provided in section 24.

24. ASSUMPTION AND PORTABILITY

If you have entered into an agreement to transfer title to the property and you are not in default, you may, with our prior written approval, (i) allow the transferee of title to the property to assume the mortgage or, (ii) if you have agreed to purchase a new property, borrow an amount equal to the mortgage loan amount on the day title to your new property is transferred to you (the "**transferable mortgage loan amount**") under a new mortgage to be registered against title to the new property (the "**new mortgage**"). You may choose only one of the following two options and we may in our sole discretion not approve one or both of the options.

(a) Assumption

In the case of an assumption of the mortgage, the transferee of title to the property must provide us with such information as we require to permit us to determine whether we can approve a mortgage loan to such transferee. If we approve a mortgage loan to the transferee, the transferee must sign and deliver to us an assumption agreement in a form acceptable to us. Upon receipt of the signed assumption agreement and the payment of our then current administration or processing fee for such assumption and all legal and other expenses, we may in our sole discretion release you and any guarantors from your and their obligations under or in respect of the mortgage and the mortgage loan agreement.

(b) Portability

If you are not in default, if you meet our requirements in effect at the time and if you purchase and become the owner of a new property within not more than 30 days of the date of the sale of the property, you may apply to us to transfer the transferable mortgage loan amount to a mortgage of the new property. If you wish to take advantage of this opportunity, you must apply to us in writing and you must sign a new mortgage for the new property. The following conditions apply:

(i) if you would like to borrow an amount equal to the transferable mortgage loan amount, the new mortgage will be at the same interest rate as set out in the mortgage and for a term equal to the remainder of the term, but other terms of the mortgage will be our current mortgage terms;

(ii) if you would like to borrow more than the transferable mortgage loan amount, we may, in our sole discretion, approve the additional mortgage loan amount and, if approved, the interest rate payable by you will be a blended rate calculated by taking the weighted average of the interest rate that you are currently paying on the transferable mortgage loan amount and our then current interest rate for a term equal to the term closest to the remainder of the term of the mortgage, the weighted average being determined on the relative proportion that the transferable mortgage loan amount and the additional mortgage loan amount are of the new mortgage loan amount;

(iii) if you would like to borrow less than the transferable mortgage loan amount, the interest rate payable under the new mortgage will be at the same interest rate as you are currently paying for the transferable mortgage loan amount and the term of the new mortgage will be equal to the remainder of the term. The amount by which the transferable mortgage loan amount exceeds the principal amount of the new mortgage will be subject to the prepayment charges in section 8; and

(iv) you agree to pay us our then current administration and processing fees to approve and process the new mortgage, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made. You also agree that you will pay all legal expenses with respect to the new mortgage and its registration.

25. CERTAIN ACTIONS WE CAN TAKE

If we think it is necessary, we may pay any claims that have priority over the mortgage. Also, we can pay all expenses (including, without limitation, legal expenses) that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing our rights under the mortgage. You must immediately reimburse us for all such payments and expenses.

If you are a tenant under a lease of the property, we may cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses that we incur in so doing.

If you do not comply with any of your obligations under the mortgage, we may perform those obligations. Where you are a tenant of the property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal will be subject to the mortgage. You must immediately reimburse us for all payments that we have to make and costs that we incur in taking these steps.

Any interest which accrues as a result of changes requested by you to the frequency of payments or to the regular payment date will be paid by you or added to the amounts secured and will bear interest at the mortgage rate.

If we have not received a solicitor's final opinion within 60 days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense if you selected the original solicitor.

26. ENVIRONMENTAL MATTERS

You agree that we or our agents (or agents of the mortgage insurance company if the mortgage is insured by a mortgage insurance company) may at any time and for any reason enter and inspect the property and conduct any environmental testing, site assessment, investigation or study which we or the mortgage insurance company consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and will be added to the mortgage loan amount. None of us, the mortgage insurance company, our agents or the agents of the mortgage insurance company will become mortgagees in possession of the property or have management or control of the property by exercising these rights.

27. CONDOMINIUM

If the property is a condominium unit, you agree to comply with the provisions of this section 27 in addition to the other provisions of this set of standard charge terms, other than section 10.

(a) Compliance with the Act

You will comply with the Act and with the declaration, by-laws and rules and regulations of the condominium corporation in effect from time to time and you will cause any of your guests to do so as well.

(b) Payment of Common Expenses and Other Costs

You will pay all amounts required by the Act, the declaration, the by-laws of the condominium corporation and the condominium corporation's budget on or before the date such amounts are due, including, but not limited to, all common expenses, contributions, levies or assessments. If we request, you will give us proof that you have done so. If you do not make any payments which you are obligated to pay, we may do so on your behalf and add such amounts to the amounts secured and such amounts will bear interest at the mortgage rate.

(c) Notices and Demands

You will mail to us by prepaid registered mail or deliver to us a copy of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium property so that we receive such communications at least five days before any claim or demand is payable or, in the case of other communications, within five days of the date you receive them.

(d) Voting Rights

You irrevocably authorize us, in your name and on your behalf, to exercise your rights under the Act and under the declaration and by-laws of the condominium corporation to vote at any meeting of the condominium corporation and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Act to the condominium corporation. However, you may exercise such rights to vote or consent unless we notify you in writing that we wish to use our rights to vote or consent, in which case we may also notify the condominium corporation. Our wish to vote or consent can be for a limited period of time or for a particular meeting or matter. When we do vote or consent in your place, we do not then become a mortgagee in possession and are not responsible for protecting your interests or for the way we vote or consent or fail to do so.

(e) Acceleration of Repayment of Amounts Secured

At our option, the amounts secured will become payable immediately if:

(i) the condominium of which the property forms a part, including, without limitation, the common elements and the assets of the condominium corporation (collectively, the "**condominium property**") is no longer governed by the Act;

(ii) a vote of the unit owners authorizes the sale of the condominium property or any part thereof;

(iii) the condominium corporation fails to comply with the Act, the declaration, by-laws, rules and regulations or any other reciprocal or shared facilities agreement to which it is a party;

(iv) the condominium corporation fails, in our opinion, to manage the condominium property in a careful way or to maintain the condominium property in good repair;

(v) the condominium corporation fails to insure the condominium property according to law, the Act and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds;

(vi) the condominium corporation makes or permits to be made any substantial modification to the condominium property or any part thereof without our approval; or

(vii) there has been substantial damage to the condominium property and the owners have voted for termination of the condominium corporation.

Our rights to cause the amounts secured to become payable immediately will not be affected by the fact that we may have voted in favour of or consented to any of the foregoing.

(f) Insurance

If the property is a single residential condominium unit, you must insure and keep insured in our favour and until the mortgage is discharged, the property (including, without limitation, all buildings, structures, fixtures and improvements now or in the future located on the property not required to be insured by, the condominium corporation according to the Act or the declaration of the condominium corporation) for not less than its full replacement value in Canadian dollars.

The condominium corporation must obtain such appropriate insurance as it is required to obtain under the Act and under the declaration and by-laws of the condominium corporation, failing which you will be in default. In addition, you must insure against loss or damage by fire with extended perils coverage, and against such additional risks as we may at any time require, all improvements or those improvements required by the Act or by-laws of the condominium corporation which at any time have been made to the property.

All insurance policies must be provided by a company approved by us and contain mortgage clauses approved by the Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. Upon our request, you will provide us with certified copies of every insurance policy with respect to the property and, not less than 15 days before any policy expires, evidence of its renewal.

We may place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the amounts secured if not so paid and will bear interest at the mortgage rate.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. The production of a copy of the mortgage will be sufficient authority for the insurance company to pay any loss to us or to accept instructions from us dealing with the loss, and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be: (i) used to repair or rebuild the property; (ii) paid to you; and/or (iii) used to reduce any part of the amounts secured, whether due or not, including, without limitation, an amount to compensate us for loss of interest.

You will, and to the extent it is within your control will cause the condominium corporation to, assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation fails to keep the buildings and improvements insured or provide us at least 15 days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

28. ENFORCING OUR RIGHTS

(a) Remedies

If you are in default, the mortgage loan amount and all other amounts secured will immediately become due and payable at our option and we may, in additional to any other rights or remedies that are available to us at law, enforce any one or more of the remedies listed below in any order, separately or together, to the extent that such remedies are available in the province or territory in which the property is located.

Our remedies are:

(i) Go to Court - We may take court proceedings to obtain a judgment against you to pay us the amounts secured.

(ii) Foreclosure or Sale by a Court - We may take court proceedings to foreclose your equity of redemption in the property. If we obtain a final order of foreclosure from the court, the property will become ours. We may also ask the court to order the sale of the property under its supervision. The net proceeds from the sale of the property will be applied to reduce the amounts secured. If the net proceeds are less than the amounts secured, you must pay us the difference, and we may obtain a judgment against you to pay us the difference. If the net proceeds are more than the amounts secured, the excess will be paid to you.

(iii) Lease the Property - If your default continues for 15 days, we may, on 15 days' notice to you, lease the property; if your default continues for 30 days, we may, without notice to you, lease the property. We may apply the net proceeds of any lease to reduce any part of the amounts secured. If the net proceeds of any lease are less than the amounts secured, you must pay us the difference. If the net proceeds are more than the amounts secured, the excess will be paid to you.

(iv) Power of Sale - If your default continues for 15 days we may, on at least 35 days' written notice to you delivered in accordance with the *Mortgages Act* (Ontario), enter on and sell the whole or any part of the property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may cancel, amend or not complete any contract of sale without being responsible for any resulting loss. The net proceeds from any sale of the property will be applied to reduce the amounts secured. If the net proceeds are less than the amounts secured, you must pay us the difference, and we may obtain a judgment against you to pay us the difference. If the net proceeds are more than the amounts secured, the excess will be paid to you.

(v) Enter on the Property - We can enter on the property at any time without your permission and inspect, collect rents or manage the property, repair or complete construction of any building or other improvement on the property and do anything else that we are entitled as mortgagee to do. Any costs we incur will be added to the mortgage loan amount and will bear interest at the mortgage rate.

(vi) Appoint a Receiver - We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from the property. The receiver will be your agent, not ours, and you will be responsible for any of the receiver's acts or omissions. We are not accountable for any monies received by the receiver except to the extent that we actually receive any such monies. The receiver may use every remedy which we have under the mortgage to collect the income from the property, take possession of the whole or part of the property, manage the property and keep it in good condition. From the income collected, the receiver may pay all rents, taxes, rates, insurance premiums and other expenses required to keep the property in good condition, the commissions and fees charged by the receiver, all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing, interest owing under the mortgage and all or any part of the amounts secured whether or not due.

(vii) Possession - We can take possession of the property at any time, without your permission, and take all necessary action to recover and keep possession of the property. We will not be considered to be a mortgagee in possession unless we actually take possession of the property. We may lease or sell the property without actually entering into possession of the property. While in possession, we will only be accountable for money actually received by us.

(viii) Personal Property – We may distrain upon any of your furniture, fixtures, equipment and other personal possessions that is located on the property for arrears of interest and all costs and expenses incurred in such distress and may also distrain for arrears of principal and regular payments of taxes, if required, in the same manner as if the same were arrears of interest. At our option, we may also remove any such personal possessions and store or dispose of them, without payment to you, and all costs that we incur to do so may be added to the amounts secured.

(b) No Interference

If, in enforcing any of our remedies, we take possession of the property, neither you nor any person claiming an interest in the property through you will interfere with our possession, the possession of any receiver we may appoint or with the possession of any person to whom the property is leased or sold and you will not make any claim against any person to whom the property may be leased or sold.

(c) Notice

When any notice is given by us in connection with the enforcement of our rights under the mortgage, the notice may be given in any manner permitted or provided by the laws applicable thereto or, subject to those laws, may, at our option, be given by us by leaving it with an adult person on the property if occupied, by placing it on some portion of the property if unoccupied, by mailing it by prepaid registered mail addressed to you at your last known address, or by publishing it once in a newspaper having a general circulation in the city, town, municipality or area in which the property is located; and such notice will be sufficient even if it is not addressed to any person by name or designation and even if any person to be affected by the notice may be unborn, unknown, unascertained or under any disability; and, subject to the laws from time to time applicable to the notice, such notice will be as effectual as if it had been personally served upon all persons required to be served by it.

(d) Our Expenses

You agree to pay immediately upon our request all of the expenses which we incur in enforcing any of our remedies. These expenses include all our legal fees and disbursements, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees.

(e) Delay in Enforcement

Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or if we give you or anybody else an extension of time. We may still insist that you make all payments on time and comply with your obligations, require payment of the amounts secured if you are in default and require any other person, including, without limitation, a guarantor, who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the mortgage loan amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also pay us interest to the date of the subsequent payment and the expenses that we have incurred.

(f) Judgments

If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not operate as a merger of any covenant of the mortgage and will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage and the mortgage loan agreement. Even if we obtain a court order or judgment, until the amounts secured are paid in full, interest is payable on the amounts secured at the mortgage rate or in accordance with applicable law, whichever is higher.

(g) No Prejudice for Failure to Exercise Our Rights

A failure by us to exercise at any time or from time to time any of our rights under the mortgage will not prejudice the subsequent exercise of those rights or any other rights that we have at law. No performance or payment by us in respect of any breach or default will relieve you from any default, and no waiver at any time or from time to time of any such rights by us will prejudice such rights in the event of any future default or breach.

29. EXPROPRIATION

If the entire property is expropriated, the amounts secured will immediately become due and payable and any payment on account of the mortgage loan amount will be treated as an early repayment and will be subject to the prepayment charge in section 8(c).

If only a part of the property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the amounts secured. If, in our opinion, the remainder of the property does not constitute adequate security for the amounts secured, then in our sole discretion, all or part of the amounts secured will immediately become due and payable and any payment on account of the mortgage loan amount will be treated as an early repayment and will be subject to the prepayment charge in section 8(c).

We have the right to order a survey and/or property valuation of the property in order to ascertain the value of the expropriated portion of the property and the remaining property. Any and all reasonable costs, charges and expenses for such survey and/or property valuation are payable by you immediately and, if not paid, will be added to the amounts secured and will bear interest at the mortgage rate.

30. GUARANTEE

In consideration for our making a mortgage loan to the borrower, each person who signs the mortgage or the mortgage loan agreement as guarantor unconditionally and irrevocably guarantees to us, as principal debtor and not as surety, the due and punctual payment of the amounts secured and the due and punctual performance of all of the other obligations of the borrower under the mortgage and the mortgage loan agreement. Each guarantor, if there is more than one, will be jointly and severally liable with the borrower and with each other guarantor for payment of the amounts secured and performance of all other obligations of the borrower under the mortgage and the mortgage loan agreement. We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment of any amounts secured, extend the term of the mortgage loan, deal with any security (including, without limitation, the mortgage) or the property including, without limitation, releasing, realizing on or replacing any security we may hold, give releases or discharges, increase the mortgage rate, amend the terms of the mortgage or the mortgage loan agreement and generally deal with all matters affecting the mortgage and the mortgage loan agreement and the obligations of the borrower either before or after requiring payment from any person, without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and the obligations of any guarantor will not be altered by the bankruptcy of the borrower or any guarantor. The enforcement of the obligations of a guarantor under this section 30 may take place before, after or at the same time as the enforcement of the obligations of the borrower or any other guarantor under the mortgage or the enforcement of any security for any such obligation. Each guarantor acknowledges that he, she or it has read the mortgage and the mortgage loan agreement and is fully aware of their terms and in particular the terms of this section 30, and acknowledges that this guarantee is not subject to any escrow or any agreement that it is not effective until any condition has been complied with.

31. DISCHARGE AND ASSIGNMENT

After you have paid us the amounts secured and fulfilled all of your other obligations under the mortgage and the mortgage loan agreement, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. You will pay our then current administration or processing fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by our lawyer or by us. It is your responsibility to register the discharge or assignment on title to the property and to pay the registration fee.

32. ADMINISTRATION FEES

You agree to pay us, when due, our then current administration and processing fees in connection with the administration of the mortgage, including, without limitation, for the preparation of any assumption, amending or other agreement, statements for information purposes, and the dishonour of any cheque, pre-authorized payment or other instrument for payment of any of the amounts secured.

If not paid, such fees will be added to the amounts secured and will bear interest at the mortgage rate.

The amount of such fees in effect at any time is available by calling the telephone number set out in the mortgage loan agreement or by visiting the internet website set out in the mortgage loan agreement.

33. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the *Ontario New Home Warranties Plan Act* applies to the property, you agree to comply with the requirements of such act and any other requirements of Tarion Warranty Corporation and to reimburse us for any costs which we incur in complying with such requirements on your behalf if you fail to do so and to reimburse us for any costs which we incur in enforcing your rights under such act if you fail to do so. Such costs are payable by you immediately and, if not paid, will be added to the amounts secured and will bear interest at the mortgage rate.

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34. CHANGE OF CORPORATE CONTROL

If the borrower is a corporation, the borrower agrees that if (a) the borrower fails to supply to us, in a form satisfactory to us, such information relating to the ownership of its shares as we may from time to time require, or (b) without our prior written consent, (i) the borrower issues or redeems any of its shares or any of its shares are transferred, or (ii) there is a transfer of the legal or beneficial interest of any of the shares of the borrower, or (iii) the borrower amalgamates, merges or consolidates with any other person or corporation, and the result of any such event is a change in the effective control of the majority of the voting shares of the borrower, then the amounts secured will immediately become due and payable at our option, and our power of sale and all other remedies for enforcement will be exercisable.

35. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date, regardless of the date that the mortgage was signed.

36. WHO IS BOUND

The mortgage is binding on each person who signs it as a mortgagor (chargor), any person to which the property is transferred and the successors, assigns, heirs and personal representatives of each such person. The mortgage is also binding on and enures to the benefit of our successors and assigns and on anyone to whom we may assign the mortgage. We may, without your consent or notice to you, assign to another financial institution or other entity or person all or part of our rights, benefits and interest under the mortgage, and in connection with such assignment we may provide personal information about you to any such assignee or their agents. An assignment by us will not cause the mortgage to cease to operate nor entitle you to a discharge of the mortgage.

Every person who signs the mortgage as borrower is jointly and severally liable to comply with all obligations under the mortgage and the mortgage loan agreement.

37. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

38. HEADINGS

Headings in the mortgage do not form part of the mortgage and are used only for easy reference.

39. STATUTE REFERENCES

Unless expressly stated otherwise, any reference in this set of standard charge terms to a statute is a reference to such statute and the regulations thereunder, if any, as such statute and regulations may be amended or replaced from time to time.

40. GOVERNING LAW

This set of standard charge terms and the mortgage will be governed by the laws of the Province of Ontario.

41. ENTIRE AGREEMENT

The mortgage loan agreement and the mortgage constitute the entire agreement between the borrower and the mortgagee concerning the matters addressed therein. The mortgage is in addition to, and not in substitution for, any other security that we may have in the property of the borrower or the property of any other person.

42. AMENDMENTS TO STANDARD CHARGE TERMS

This set of standard charge terms may be amended and specific provisions added, deleted or changed by adding a schedule to the form of charge registered in the land registry office.

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43. EXCLUSION OF STATUTORY COVENANTS

The covenants contained in section 7(1) of the *Land Registration Reform Act* (Ontario) are excluded from the mortgage.

44. EQUIVALENT RATES

The interest rate payable on the mortgage loan amount under a variable rate mortgage is calculated monthly not in advance. The table below sets out what would be the equivalent interest rate if the interest were calculated half-yearly not in advance.

Interest rate per annum calculated monthly not in advance (%)	**Equivalent Interest rate per annum calculated half-yearly not advance (%)**	**Interest rate per annum calculated monthly not in advance (%)**	**Equivalent Interest rate per annum calculated half-yearly not advance (%)**
2.0000	2.00835	10.000	10.21066
2.1250	2.13443	10.125	10.34099
2.2500	2.26057	10.250	10.47139
2.3750	2.38678	10.375	10.60185
2.5000	2.51306	10.500	10.73238
2.6250	2.63940	10.625	10.86298
2.7500	2.76580	10.750	10.99365
2.8750	2.89228	10.875	11.12438
3.000	3.01881	11.000	11.25519
3.125	3.14542	11.125	11.38605
3.250	3.27208	11.250	11.51699
3.375	3.39882	11.375	11.64800
3.500	3.52562	11.500	11.77907
3.625	3.65249	11.625	11.91021
3.750	3.77942	11.750	12.04141
3.875	3.90642	11.875	12.17269
4.000	4.03348	12.000	12.30403
4.125	4.16061	12.125	12.43544
4.250	4.28781	12.250	12.56692
4.375	4.41507	12.375	12.69846
4.500	4.54240	12.500	12.83008
4.625	4.66979	12.625	12.96176
4.750	4.79725	12.750	13.09351
4.875	4.92478	12.875	13.22533
5.000	5.05237	13.000	13.35721
5.125	5.18003	13.125	13.48916
5.250	5.30776	13.250	13.62118
5.375	5.43555	13.375	13.75327
5.500	5.56341	13.500	13.88543
5.625	5.69133	13.625	14.01766
5.750	5.81932	13.750	14.14995
5.875	5.94738	13.875	14.28231
6.000	6.07550	14.000	14.41474
6.125	6.20369	14.125	14.54724
6.250	6.33195	14.250	14.67981
6.375	6.46027	14.375	14.81244
6.500	6.58866	14.500	14.94514
6.625	6.71711	14.625	15.07791
6.750	6.84564	14.750	15.21075
6.875	6.97423	14.875	15.34366
7.000	7.10288	15.000	15.47664
7.125	7.23160	15.125	15.60968
7.250	7.36039	15.250	15.74279
7.375	7.48925	15.375	15.87597
7.500	7.61817	15.500	16.00922
7.625	7.74716	15.625	16.14254
7.750	7.87621	15.750	16.27593
7.875	8.00534	15.875	16.40939
8.000	8.13452	16.000	16.54291
8.125	8.26378	16.125	16.67650
8.250	8.39310	16.250	16.81016
8.375	8.52249	16.375	16.94389
8.500	8.65195	16.500	17.07769
8.625	8.78147	16.625	17.21156
8.750	8.91106	16.750	17.34550
8.875	9.04072	16.875	17.47950
9.000	9.17045		
9.125	9.30024		
9.250	9.43010		
9.375	9.56002		
9.500	9.69002		
9.625	9.82008		
9.750	9.95021		
9.875	10.08040		

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Interest rate per annum calculated monthly not in advance (%)	Equivalent Interest rate per annum calculated half-yearly not advance (%)	Interest rate per annum calculated monthly not in advance (%)	Equivalent Interest rate per annum calculated half-yearly not advance (%)
17.000	17.61358	19.000	19.76815
17.125	17.74772	19.125	19.90340
17.250	17.88193	19.250	20.03872
17.375	18.01621	19.375	20.17411
17.500	18.15056	19.500	20.30956
17.625	18.28498	19.625	20.44509
17.750	18.41947	19.750	20.58068
17.875	18.55403	19.875	20.71635
18.000	18.68865	20.000	20.85208
18.125	18.82335		
18.250	18.95811		
18.375	19.09295		
18.500	19.22785		
18.625	19.36282		
18.750	19.49786		
18.875	19.63297		

CANADIAN TIRE BANK

Charles Z. Dwight
Name: Charles Dwight
Title: Treasurer

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200635 Cote
Filing Date October 20th/06 Date de Dépôt
[illegible] 14 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

Filed by **ALTERNA SAVINGS AND CREDIT UNION LIMITED**

Filing Date: Filing Number:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Land Registration Reform Act (the "Act").

The Chargor hereby covenants, represents, warrants and agrees with the Chargee as follows:

Replacement of implied terms:

1. The implied covenants deemed to be included in a charge under subsection 7 (1) of the Act as amended or re-enacted are hereby expressly excluded from this Charge and replaced by this set of Standard Charge Terms.

When this charge is paid:

2. The Charge will be void upon payment of the principal money and interest secured by the Charge and all other amounts payable hereunder and the observance and performance of all covenants, provisos, conditions, agreements and obligations set out in the Charge.

Your general obligations:

3. The Chargor will pay or cause to be paid to the Chargee, the principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfil and keep all the covenants, provisions, conditions and obligations contained in the Charge.

Our rights regarding the advance of funds:

4. Neither the preparation, execution, nor registration of the Charge shall bind the Chargee to advance the money hereby secured, nor shall the advance of a part of the monies secured hereby bind the Chargee to advance any unadvanced portion thereof, but nevertheless, the security in the Land shall take effect forthwith upon the execution of the Charge, and the expenses of the examination of the title and of the Charge and valuation are to be secured hereby in the event of the whole or any balance of the principal sum not being advanced, the same to be charged hereby upon the Land, and shall be, without demand thereof, payable forthwith with interest at the rate provided for in the Charge, and in default the Chargee's power of sale hereby given, and all other remedies hereunder, shall be exercisable.

You warrant that you have a good title:

5. The Chargor has a good title in fee simple to the Land, subject only to any prior registered charge, the continued existence of which has been agreed to in writing by the Chargee. The Chargor has the right to execute and deliver the Charge and has not done, omitted or permitted anything to be done whereby the Land or any part of the Land is or may be charged or encumbered, except as disclosed by the records of the Land Registry Office.

If the title to the Land is a leasehold title, the Chargor covenants with the Chargee that:

(a) The Chargor has a good leasehold title to the Land;

(b) The Chargor has a right to charge and sublet the leasehold title to the Land to the Chargee in the manner herein provided and, if required, has obtained the lessor's consent to this Charge;

(c) Neither the Chargor nor any other person has heretofore made, done, committed or suffered any act to encumber the lease or any part thereof;

(d) The lease is a good, valid and subsisting lease and not been surrendered, forfeited, amended or become void or voidable and the rents and covenants reserved have been duly paid and performed by the Chargor up to the date of the Charge;

(e) During the continuance of this Charge, the Chargor will not amend, surrender or modify the lease without the written consent of the Chargee and will pay the rent reserved by the lease and perform and observe the covenants, provisos and conditions contained in the lease and on the lessee's part to be performed and observed and hereby agrees to keep the Chargee indemnified against all actions, claims and demands whatsoever in respect of the said rent and covenants or anything relating thereto; and

(f) The Chargor will stand possessed of the Land for the last day of the term or any renewal term granted by the lease in trust for the Chargor, and will assign and dispose thereof as the Chargor may direct, but subject to the same right of redemption and other rights as are hereby given to the Chargor with respect to the Land.

We may require further documents from you:

6. The Chargor will execute such further assurances of the Land as may be requisite.

Your obligation to insure:

7. (i) The Chargor (which in this section includes his or her heirs, executors, administrators, successors or assigns) will immediately insure, unless already insured, and during the continuance of the Charge keep insured the buildings now erected or which may at any time be erected on the Land to the amount of not less than their full insurable value in dollars of lawful money of Canada. Such insurance shall include not only insurance against loss or damage by fire, but also insurance against loss or damage by explosion, tempest, tornado, cyclone, lightning and such other risks or hazards as the Chargee may require. Evidence of continuation of all such insurance having been effected shall be produced to the Chargee at least fifteen (15) days before the expiration thereof; otherwise the Chargee may provide therefor and charge the premium paid and interest thereon at the rate provided for in the Charge to the Chargor and the same shall be payable forthwith and shall also be a charge upon the Land. The Chargee may at any time require any insurance on the buildings to be cancelled and new insurance effected in a company to be

named by the Chargee and the Chargee may of its own accord effect or maintain any insurance herein provided for, and any amount paid by it therefor shall be payable forthwith by the Chargor with interest at the rate stipulated in the Charge and shall also be a charge upon the Land. All policies of insurance shall provide that loss, if any, shall be payable to the Chargee as its interests may appear subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada which shall be attached to the policy of insurance. The Chargor shall forthwith on the happening of any loss or damage, furnish at his or her own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of the Charge shall be sufficient authority for the said insurance company to pay any such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee; and any insurance monies received may, at the option of the Chargee, be applied in the rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or applied or paid partly in one way and partly in another, or may be applied, in the sole discretion of the Chargee, in whole or in part on the Charge debt or any part thereof whether due or not due.

(ii) If the Charged Premises are part of a condominium the insurance provisions set out in paragraph (i) above will not apply and the following will apply to the Charge:

And that the Chargor (which in this section includes his or her heirs, executors, administrators, successors or assigns) or the Condominium Corporation or both of them will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee (which in this section includes its successors or assigns) against loss or damage by fire and, as the Chargee may require, insure against loss or damage by tempest, tornado, cyclone, lightning and other risks or hazards, each and every building on the Charged Premises and which may hereafter be erected thereon, both during erection and thereafter, for the full insurable value thereof in lawful money of Canada in a company approved by the Chargee; and the Chargor or the Condominium Corporation or both of them will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policy or policies, and receipts or produce same to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies, of insurance, and without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on him or her by the Condominium Act and by the Declaration and By-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declarations; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation with the aforementioned covenants.

Taxes and Charges:

8. (a) The Chargor will pay as they fall due, all taxes, rates, levies, charges, assessments, utility and heating charges, municipal, local, parliamentary and otherwise, which now or at any time hereafter may be imposed, charged or levied upon the Land and any buildings thereon and will provide the Chargee with receipts confirming payment of same at such times as the Chargee may require.

We may collect taxes from you on a monthly basis:

(b) "Taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties. Notwithstanding anything contained herein, if requested to do so by the Chargee, the Chargor shall agree to make regular payments to the Chargee, at dates set by the Chargee, of an amount sufficient to pay all taxes and charges, as estimated by the Chargee, which may affect the Property during the next twelve (12) months. Such estimate of taxes may be made by the Chargee on a basis allowing the Chargee to have sufficient funds on hand to pay such taxes at least thirty (30) days prior to the date on which such taxes become due. If in any calendar year, the taxes actually charged or payable in respect of the Land exceed the estimate for that year, the Chargor agrees to pay, forthwith on demand, to the Chargee, the amount required to make up any deficiency. No monies paid to the Chargee pursuant to this clause shall be held in trust and the Chargee shall not be obligated to pay any interest upon any such monies. The Chargee shall not be required to apply such monies on account of taxes more often than yearly. If a surplus remains, the Chargee may retain it to apply to future taxes and charges or return it to the Chargor. The Chargor shall continue to make the aforesaid payments until the Chargee notifies him or her to the contrary in writing. The Chargor will immediately upon receipt, forward to the Chargee, copies of all assessment notices, tax bills or other notices relating to the imposition of taxes.

Expenses we may pay and add to the amount owing on the Charge:

9. The Chargee may, but shall not be required to, pay any taxes, rates, levies, charges, assessments, premiums of insurance, utility and heating charges in respect to the Land which may at any time fall due and be unpaid and may pay or satisfy any lien, charge or encumbrance now or hereafter existing or to arise or to be claimed upon the Land. All such payments made by the Chargee together with all costs, charges, expenses and legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of the Land and of negotiating the Charge, investigating title, and registering the Charge and any other necessary documents, and all costs, charges, expenses including legal fees (as between solicitor and client on a full indemnity basis), real estate commissions and other agent's charges incurred by the Chargee in taking, recovering, and keeping possession of the Land, in exercising the power of entering, selling and leasing, and generally, in any other proceeding taken in connection with or to realize upon the security given in this Charge, shall be immediately payable by the Chargor to the Chargee. Until they are paid by the Chargor, all such amounts shall be added to the principal amount secured by the Charge and shall be payable forthwith with interest at the rate provided for in the Charge, and in default, all sums secured by the Charge shall immediately become due and payable at the option of the Chargee, and all other powers of the Charge shall become exercisable.

We may sell your property if you default:

10. The Chargee, on default of payment for at least fifteen (15) days, may on at least thirty-five (35) days notice, enter on and lease the Land or on default of payment for at least fifteen (15) days, may on at least thirty-five (35) days notice, sell the Land. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act, as amended. In the event the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with an adult person on the Land, if occupied, or by placing it on the Land if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his or her last known address, or by publishing it once in a newspaper published in the city, county or district in which the Land is situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability.

In case default be made in the payment of the said principal and interest or any part thereof and such default continue for two (2) months after any payment of either falls due, then the Chargee may exercise the foregoing powers of entering, leasing or selling or any of them, without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law, then notice shall be given to such persons and in such manner and form and within such time as so required by law.

The whole or any part or parts of the Land may be sold by public auction or private contract, or partly one or partly the other; and the proceeds of any sale hereunder may be applied in payment of any costs, charges and expenses incurred in taking, recovering, or keeping possession of the Land, or by reason of non-payment or procuring payment of monies, secured by the Charge or otherwise, and the Chargee may sell any of the Land on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind, or vary any contract for the sale of the whole or any part of the Land and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit, the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of the said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

We may seize your personal property if you default:

11. The Chargee may distrain for arrears of interest and may distrain for arrears of principal in the same manner as if the same were arrears of interest.

The balance will become due immediately if you default:

12. In default of the payment of interest secured by the Charge, the principal amount secured by the Charge shall, at the option of the Chargee, immediately become due and payable, and upon default of payment of instalments of principal, the balance of the principal and interest secured by the Charge shall, at the option of the Chargee, immediately become due and payable. The Chargee may in writing and any time or times after default, waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

We may take possession of the property on default:

13. Upon default in payment of principal or interest under the Charge or in performance of any of the terms and conditions thereof, the Chargee may enter into and take possession of the Land free from all manner or form of conveyances, mortgages, charges or encumbrances without the let, suit, hindrance, interruption or denial of the Chargor or any other person whatsoever.

Doctrine Of Consolidation:

14. The doctrine of consolidation will apply to the Charge and any other charge you have granted or will grant to us. This means that if you default under any of your charges to us then we can, as a condition of your repaying any charge, require that you repay all charges.

Our right to extend time:

15. No extension of time given by the Chargee to the Chargor or anyone claiming under him or her, or any other dealing by the Chargee with the owner or owners of the Land or any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the money secured by the Charge.

Our right to give releases:

16. The Chargee may, at its discretion, at any time or times, release any part or parts of the Land or any other security or any surety from payment of all or any part of the monies secured hereby or may release the Chargor or any other person from any covenant or other liability to pay such monies or any part thereof, either with or without any consideration. In such event, the Chargee shall not be accountable for the value thereof or for any monies except those actually received by the Chargee. Any such release by the Chargee shall not constitute or be deemed to be a release of any other part of the Land or any other security or any such surety or the covenants herein or therein contained. The Land and every such security, surety and covenant, not specifically released by the Chargee, shall stand charged with the whole of the monies hereby secured, notwithstanding such release, or any other act or any omission of the Chargee with respect to any security taken in respect of the monies advanced hereunder, or in respect of the Land, any such other security or any such surety.

Balance due in event of sale:

17. Provided that in the event of :

(a) The Chargor selling, conveying, transferring, or entering into any agreement for the sale or transfer of title of the Land hereby charged to a purchaser, grantee or transferee not approved in writing by the Chargee; or

(b) If such a purchaser, grantee or transferee should fail to (i) apply for and receive the Chargee's written approval as aforesaid, (ii) personally assume all the obligations of the Chargor under this Charge, and (iii) execute an Assumption Agreement in the form required by the Chargee,then at the option of the Chargee all monies hereby secured with accrued interest thereon shall forthwith become due and payable.

Your obligation to maintain and repair buildings:

18. (a) The Chargor will not demolish any building on the Land or proceed with any alteration, remodelling or rebuilding of, or addition to any building or any part thereof, without the prior written approval of the Chargee.

(b) The Chargor will keep the Land and buildings, erections and improvements thereon in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever it deems necessary, by its agent, enter upon and inspect the Land and make such repairs as it deems necessary, and the reasonable costs of such inspection and repairs with interest at the rate stipulated in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the Land prior to all claims thereon subsequent to the Charge. If the Chargor neglects to keep the premises in good condition and repair, or commits or permits any act of waste on the Land (as to which the Chargee shall be sole judge) or makes default as to any of the covenants, provisos, agreements or conditions contained in the Charge or in any charge to which this Charge is subject, all monies secured by the Charge shall at the option of the Chargee forthwith become due and payable, and in default of payment of same, with interest as in the case of payment before maturity, the powers of entering upon and leasing or selling hereby given and all other remedies herein contained may be exercised forthwith.

This mortgage does not affect any other security from you:

19. This Charge is in addition to and not in substitution for any other security held by the Chargee for all or any of the monies secured hereunder. The Chargee may follow its remedies thereunder, hereunder and under any security for the amount advanced under this Charge, concurrently or successively at its option.

Payments and the Application of Payments:

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20. (a) Provided that if the Charge is repayable by instalments of principal and interest the instalments payable under the Charge are to be applied firstly to interest calculated as provided in the Charge on the principal monies from time to time outstanding and the balance of the said instalments shall be applied on account of principal; except in case of default by the Chargor, the Chargee may then apply any payments received during the period of default in whatever order it may elect as between principal, taxes, interest, repairs, insurance premiums or other advances made on behalf of the Chargor.

(b) The Chargor shall maintain with the Chargee or another financial institution satisfactory to the Chargee, an account of a type which is satisfactory to the Chargee and shall authorize the Chargee to debit such account automatically by an amount equivalent to the amount of each instalment of principal, interest, taxes and life insurance premium (if applicable) payable, when each such instalment is due. If the account is with another financial institution, the Chargor shall cause such other financial institution to remit such amount to the Chargee when each instalment is due. The Chargor shall, at the Chargee's request, execute such authorization in form and substance satisfactory to the Chargee

Interest Compounds if you Default

21. In case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears, with interest from time to time, as well after as before maturity, shall bear interest at the rate set forth in the Charge and in case the interest and compound interest are not paid within the interest calculation period provided for in the Charge from the time of default, a rest shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Land.

You must pay any prior mortgages:

22. If the Land or any part thereof should at any time be subject to any prior charge, agreement for sale, or encumbrance, the Chargor will pay or cause to be paid as they fall due, all payments thereunder, whether for principal, interest, taxes or otherwise, and will observe perform and comply with all covenants, provisos and agreements therein contained. If the Chargor should fail to observe or perform any covenant, proviso or agreement contained in any charge, agreement or encumbrance to which this Charge is subject, then in such event, all monies hereby secured shall, at the option of the Chargee, immediately become due and be payable. In such event, all the powers conferred upon the Chargee, in and by this Charge, including the power of sale, shall become exercisable without notice, unless the giving of notice is then required by law.

There is no UFFI in any building on the Land:

23. No building, erection, addition or improvement on the Land has been insulated with Urea Formaldehyde Foam Insulation. The Chargor will not insulate or allow any building, erection, addition or improvement on the Land to be insulated with that type of insulation. All monies secured by this Charge will, at the option of the Chargee, immediately become due and payable if it is at any time determined that any building, erection, addition or improvement subject to this Charge contains Urea Formaldehyde Foam Insulation.

You must pay administrative fees we may set:

24. The Chargor agrees to pay to the Chargee forthwith on demand the administrative charges established from time to time by the Chargee in connection with any extensions or renewals or amendments of the Charge, and any other administrative steps which the Chargee is required to take during the currency of the Charge and any renewal thereof.

Prepayment: (CLOSED CHARGE)

25. If the Charge is "closed":

A. If the Chargor is not in default at the time of prepayment, the Chargor shall have the privilege of paying an additional amount of principal, not exceeding 20% of the original Principal Amount of the Charge, at any one time during a calendar year without notice or penalty. This privilege shall not be cumulative and prepayment may be made only once during a calendar year.

B. 20% increase in payments

Once during each calendar year of the term of the Charge, the Chargor may elect, by notice in writing to the Chargee, to increase the monthly payments (for principal and interest) by up to 20% of the previous amount of those monthly payments (for principal and interest).

C. In the event of a bonafide sale or transfer or gift of the within property, the said principal sum then outstanding and interest thereon together with a bonus of the greater of three months interest or the interest rate differential on the said principal amount shall, at the option of the Chargee, immediately become due and payable. For greater certainty, the provisions of clause A shall not apply to a repayment made pursuant to this clause and the bonus shall be calculated on the full principal sum then outstanding.

D. A partial prepayment shall not release the Chargor from his or her obligation to continue making the payments specified in the Charge.

E. If the Charge offered a cash back option and any of the terms and conditions of the original registered Charge are amended or the Charge is discharged, refinanced, ported, assumed or early renewed prior to its maturity date for any reason, the Chargor will repay the Chargee the total amount of the cash back payment received by the Chargor. This repayment obligation is separate from any prepayment penalties, fees or bonus applicable to the Charge and the Chargee may add the cash back amount to the principal amount owing under the Charge at the time of the amendment, discharge, refinance, port, assumption or early renewal.

(OPEN CHARGE)

If the Charge is "open":

F .Provided that the Chargor, when not in default at the time of prepayment, shall have the privilege of prepaying the whole or any part of the principal sum together with the accrued interest at any time without notice or bonus.

G. A partial prepayment shall not release the Chargor from his or her obligation to continue making the payments specified in the Charge

RE-ADVANCEMENT:

26. Notwithstanding the repayment of the principal amount of the Charge in whole or in part, whether of the original amount advanced under the Charge or any amount reloaned under this section, the Chargor may ask the Chargee, in writing, to advance again the amounts repaid, as if the Chargor had never repaid them, up to an amount equal to the original Principal Amount of this Charge. The written request must identify the purpose for which the advances will be used. If the Chargee at its sole discretion agrees, and upon payment of the administrative charges stipulated by the Chargee, the Charge and other securities provided in the present Charge will secure the repayment of any amounts so disbursed. All the sections of the present Charge shall continue to govern the amounts loaned and the amounts reloaned.

If the advances are to be used for construction purposes, repairs or improvements to a building, the full disbursement must be made in the 3 months following the date of agreement by the Chargee to readvance, in default of which the Chargee may refuse to advance any further amounts but will keep all its rights and recourses for the amounts already advanced.
It shall not be necessary to register any such agreement(s) to retain priority for this Charge for all amounts secured hereby no matter when advanced over any instrument registered subsequent to this Charge.

AUTOMATIC RENEWAL

27. a) Upon the expiry of the term of the Charge at a time when:

(i) an amount remains owing under the Charge for principal; and
(ii) the Chargor is not in default under the Charge

the Charge shall be automatically renewed on the same conditions (and for an identical term) as the most recent term of the Charge, except that the interest rate applicable to the renewed Charge shall be the lowest of the Chargee's posted rates for a Charge of that term as at:

1. the date of renewal of the Charge;
2. the first day of the month prior to the month in which the Charge is to be renewed; and
3. any date during the period between those dates

and the monthly payment for principal and interest shall be adjusted to reflect that interest rate.

b) Either the Chargee or the Chargor may give written notice to the other prior to any expiry of the term of the Charge that the party giving notice is unwilling to renew the Charge and the Charge shall then not renew as set out in clause (a).

c) Prior to the expiry of the term of the Charge, the Chargee and the Chargor may enter into an agreement in writing to vary certain provisions of the Charge. If those varied provisions do not include the length of the term of the Charge then the Charge shall be renewed pursuant to clause (a) but with the inclusion of those amended provisions.

d) If the Charge is a FLEXI-MORTGAGE Charge, then each Loan (as defined in that Charge) shall be renewed (or otherwise dealt with) on the expiry of the term of that Loan as if that Loan were a Charge referred to in paragraphs (a), (b) and (c) above.

Effect Of Any Renewal:

28. This Charge may be renewed or amended by an agreement in writing or as set out in paragraph 27 with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances at the time of such renewal or amendment. It shall not be necessary to register any such agreement to retain priority for this Charge on such altered terms over any instrument registered subsequent to this Charge. Any such agreement and any renewal as set out in paragraph 27 shall be effectual and binding on the Chargor and any such subsequent encumbrancer and shall take priority against such subsequent encumbrancer immediately upon execution by the Chargor or upon renewal pursuant to clause 27 as applicable. The Chargor shall pay all legal and administrative costs of the Chargee incurred in connection with any such agreement. The Chargor acknowledges that neither the provisions of this paragraph nor of paragraph 27 confer any right of renewal on the Chargor.

Renewal before maturity:

29. When not in default, the Chargor may request the Chargee, any time before the date at which the balance of the loan becomes due, to extend the term of the Charge and set new conditions. If the Chargee agrees, the Chargor shall pay a renewal fee and the greater of three months interest, or, in the event of an interest rate reduction, an interest rate differential penalty equal to the interest calculated on the balance of the Charge until maturity, at a rate corresponding to the difference between the rate then applicable to the Charge and the new rate.

Assumability and Portability:

30. (a) If the Land consists only of a single family residence; the Chargor is not in default; there are no subsequent encumbrances on the title to the Land; and the Chargor completes a new mortgage loan application which is approved by the Chargee and satisfies the Chargee's lending requirements, the Chargor may do one of the following:

(i) increase the outstanding Principal Amount of the Charge. For the purposes of this subsection 30(a)(i) the term Chargor shall include a purchaser, grantee, or transferee who has been approved by the Chargee to assume this Charge and has assumed all the obligations of the Chargor or signed an assumption agreement of the Chargee;

(ii) transfer the outstanding Principal Amount and Interest Rate set out in the Charge to a single family residence which has been purchased by the Chargor (the "New Lands");

(iii) transfer the outstanding Principal Amount and Interest rate set out in the Charge to a single family residence which has been purchased by the Chargor (the "New Lands") and increase the Principal Amount of the Charge.

(b) The Interest Rate set out in the Charge ("Current Rate") will continue to apply to the Principal Amount outstanding as of the date of the written approval to the foregoing from the Chargee. Any increase in the Principal Amount will bear interest at the Prevailing Rate as defined in subsection 30(f) below.

(c) For the purpose of subsections 30(a)(ii) and (iii), a new charge ("New Charge") must be registered against title to the New Lands. The New Charge will secure the outstanding balance and the increased Principal Amount at a rate which will blend the Current Rate and the Prevailing Rate (the "New Interest Rate"), for a term commencing on the date set out in the Chargee's written approval and expiring on the Balance Due Date of the Charge. The New Interest Rate will be set out in the Chargee's approval.

(d) For the purpose of subsection 30(a)(i), an amending agreement must be, at the discretion of the Chargee, registered against the title to the Land. The Charge as amended will secure the outstanding balance and the increased Principal Amount at a rate which will blend the Current Rate and the Prevailing Rate (the "New Interest Rate"), for a term commencing on the date set out in the Chargee's written approval and expiring on the Balance Due Date of the Charge. The New Interest Rate will be set out in the Chargee's written approval.

(e) The Chargor will pay all costs, charges and expenses of and incidental to the approval, taking, preparation, execution and registration of the New Charge or if applicable, the amending agreement.

(f) The "Prevailing Rate" at the time of prepayment means the rate at which the Chargee would lend to the Chargor on the security of a first charge on the Land charged, or, if applicable, on the security of a first charge on the "New Lands" for a term commencing on the date of prepayment and expiring on the Balance Due Date of the Charge.

Obligations Survive Sale

31. Provided further that no sale or other dealing by the Chargor with the Land or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured.

This mortgage shall not merge in any judgement:

32. The taking of a judgement or judgements on any of the covenants herein shall not operate as a merger of the covenants or affect the Chargee's right to interest at the rate and times provided for in the Charge; and further that any judgement shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until the judgement shall have been fully paid and satisfied.

Discharge :

33. The discharge of the Charge shall be prepared by the Chargee at the expense of the Chargor and the Chargee shall have a reasonable time after payment in full of the monies owing under the Charge to prepare and execute a discharge. Interest shall continue to run and accrue until actual payment in full has been received by the Chargee. All legal and administrative costs of the Chargee incurred in connection with the preparation, execution and delivery of such discharge shall be borne by the Chargor. The Chargor shall be responsible for registering the discharge and for the costs of registering it.

On the occasion of the discharge of the Charge, the required payment shall be made at the Head Office of the Chargee in the City of Ottawa, or at such other place as the Chargee may designate in writing to the Chargor, in lawful money of Canada. All such payments required to be made by the Chargor hereunder shall be made before 3:00 o'clock in the afternoon on the date on which such payment is to be made. If any payment is made after 3:00 o'clock in the afternoon, such payment will be deemed to have been made on the next following business day.

Spouse's Consent:

34. And the spouse of the Chargor so named in the Charge hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee hereunder, and agrees that the Chargee may, without further notice, deal with the Land and the debt hereby created as the Chargee may see fit.

Changes in spousal or matrimonial status or in ownership of the property:

35. Immediately after any change or happening effecting any of the following, namely: (a) the spousal status of the Chargor, (b) the qualification of the Land as a matrimonial home within the meaning of Part II of the Family Law Act, and (c) the legal title or beneficial ownership of the Land, the Chargor will advise the Chargee accordingly and furnish the Chargee with particulars thereof, the intention being that the Chargee be kept fully informed of the names and addresses of the owner or owners for the time being of the Land and of any spouse who is not an owner, but who has the right to possession in the Land by virtue of Section 19 of the Family Law Act. In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b) and (c) above as the Chargee may from time to time request.

Respective rights to equal possession:

36. The Chargee covenants with the Chargor that until default in payment or default in the observance of performance of any of the provisos, warranties, agreements, or obligations hereunder, the Chargor shall have quiet possession of the Land. The Chargor covenants that where the Chargee enters on and takes possession of the Land on default, the Chargee shall have quiet possession of the Land.

Provisions only for condominiums:

37. If any part of the Land secured by the Charge is a condominium unit, the Chargor will comply with the Condominium Act and the declaration, by-laws and rules of the Corporation, and will provide evidence of such compliance as requested by the Chargee. The Chargor will forward copies of all notices, assessments, by-laws, rules and financial statements of the Corporation and, on request, will provide copies of any other documents and information which the Chargor has received or is entitled to receive from the Corporation. The Chargor will maintain all improvements made to the condominium unit and repair them after damage.

The Chargor will insure all improvements which have been made to the unit and will insure other interests in the building which are a part of the condominium property or assets of the Corporation if the Corporation fails to insure the buildings as required by the Act and the declaration, by-laws and rules of the Corporation. These obligations are in addition to the Chargor's obligations as to insurance under the heading insurance as far as they apply to a condominium unit.

The Chargee is authorized to exercise the Chargor's rights under the Act to vote and to consent. If the Chargee does not exercise its rights, the Chargor may do so, but will do so according to any instructions received from the Chargee. The Chargee may at any time revoke any arrangement made for the Chargor to vote or to consent. The Chargee is authorized to inspect the records of the Corporation. Nothing in this paragraph puts the Chargee in possession of the property.

If the Chargor does not comply with the Condominium Act and the declaration, by-laws, and rules of the Corporation, the Chargee may comply with them and charge its costs of doing so to the Chargor as an additional amount secured under the Charge. If the Chargee exercises its rights to pay common expenses, it can accept statements that appear to be issued by the Corporation as conclusive evidence of the amount of those expenses and the dates they are due. The Chargee will pay the Chargor on demand as additional amounts secured under the Charge all expenses incurred by the Chargee in relation to any by-law, resolution, rule or other matter, the enforcement of the Chargee's right to have the Corporation or any other owner comply with the Condominium Act and the declaration, by-laws and rules of the Corporation and the expenses of the Chargee exercising any voting rights.

Expressions used in the provisions of the Charge dealing with a condominium unit which are the same as those in the Condominium Act have the same meaning as those in the Act, except that the expression "condominium property" has the same meaning as the word "property" in the Condominium Act.

Provisions applicable to a building mortgage:

38. If the Charge is a building charge, the full amount of the monies hereby secured will be advanced from time to time at the Chargee's discretion in accordance with the progress of construction of any building to be erected on the Land or any improvement being made to a building already erected on the Land. The Chargor will diligently carry out the completion of any building or improvements. The Chargee may require that the plans and specifications for any construction be approved in writing by the Chargee prior to the commencement of any construction.

Date of mortgage:

39. The date of the Charge unless otherwise provided shall be the earliest date of signature by a Chargor.

Titles and marginal notes have no legal effect:

40. Titles and any marginal notes contained in this Charge have been included for convenience only, and do not form a part of the Charge.

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Effect of any partial invalidity:

41. If any term, covenant, agreement, condition or provision of this Charge is or becomes illegal, invalid, unenforceable or inconsistent with any applicable law, then such term or provision shall not apply and shall be construed so as not to apply to the extent that it is illegal, invalid, unenforceable or inconsistent. Provided however, that the remainder of the terms, covenants, agreements, conditions and provisions herein shall remain valid and enforceable.

Our right to release information regarding you:

42. The Chargee may disclose such information (except health information) as may reasonably be required: (i) to respond to any person claiming a construction lien on the Land; (ii) to share and exchange information with credit bureaus, other credit grantors and mortgage insurers; (iii) to allow persons wishing to purchase this Charge to assess the Charge; (iv) to purchasers of the Charge to allow them to deal with the Charge; and (v) to other persons as may be permitted or required by law.

Guarantor:

43. Each person named as a guarantor in the Charge, in consideration of the making of the loan hereby secured and the sum of ONE DOLLAR ($1.00) now paid by the Chargee to each guarantor (the receipt whereof is hereby acknowledged):

(a) Guarantees to the Chargee the due repayment of all sums secured by the Charge until the Charge has been repaid in full;

(b) Unconditionally guarantees full performance by the Chargor of all of the obligations of the Chargor under the provisions of the Charge at the times and in the manner provided;

(c) Agrees that the Chargee shall not be obligated to proceed against the Chargor or any other person liable under the Charge or to enforce or exhaust any security before proceeding to enforce the obligations of the guarantor and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any debt or obligation of the Chargor or any other person liable hereunder;

(d) Agrees that the Chargee may grant any extensions of time for payment, renew the Charge, increase or alter the rate of interest payable under the Charge, release the whole or any part of the Land or other security from the Charge or otherwise deal with the Chargor or any other person without releasing the guarantor; and

(e) Agrees that where there is more than one guarantor, each guarantor agrees with the Chargee to be jointly and severally responsible under the guarantee with the other guarantors and the Chargor.

You assign any lease of your property to us:

44. The Chargor assigns to the Chargee, as further security for the repayment of all sums secured by the Charge, all rentals due or falling due under any lease of all or part of the Land.

Variable rate of interest:

Clauses 45, 46 and 47 apply only to a Charge under which the interest rate is variable.

45. Upon each change in the Variable Mortgage Rate as specified in the Charge, the Chargee shall post a notice in the offices of the Chargee setting out the new Variable Mortgage Rate, the equivalent interest rate calculated half-yearly not in advance, and the effective date of the new Variable Mortgage Rate. The attached table provides the equivalent rate of interest, calculated half-yearly not in advance for interest rates calculated monthly.

A quotation of the current Variable Mortgage Rate is available at any branch of the Chargee

In case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, such interest shall bear interest at the current Variable Mortgage Rate in effect from time to time.

Any monies expended by the Chargee pursuant to the terms of the Charge for taxes, insurance premiums, or any other costs or charges, shall be payable immediately by the Chargor to the Chargee without demand and shall, from the date of such expenditure by the Chargee, bear interest at the current Variable Mortgage Rate in effect from time to time. All interest which accrues during a month, pursuant to this paragraph, shall become due and shall be paid on the last day of that month.

All amounts payable under the Charge, whether for principal or for interest, shall be secured by the Charge and form a charge on the Land described in the Charge.

46. IT IS HEREBY AGREED AND DECLARED that the expression "Specified Amount" as used herein shall mean the principal amount secured by the Charge, or at the option of the Chargee, 75% (65% if the Land is deemed by the Chargee to be located in a rural area) of such other amount that is stated to be the fair market value of the Land in a current appraisal report signed by a real estate appraiser approved in writing by the Chargee. Such appraisal report may be obtained by either the Chargor or the Chargee. If the appraisal report is obtained by the Chargee, the Chargor shall, upon request, pay to the Chargee, the costs of obtaining such report.

47. (a) IT IS AGREED that, if the aggregate of,

(i) the unpaid amount of the principal sum outstanding;

(ii) the unpaid amount of the deferred interest under paragraph (c);

(iii) any amount secured by a mortgage or charge on the Land to the extent that such mortgage or charge ranks equally with or in priority to this Charge;

at any time exceeds the Specified Amount, all monies payable hereunder shall, at the option of the Chargee, become due and payable forthwith.

(b) Provided that, with the written consent of the Chargee, the Chargor may increase the amount of the monthly instalments payable hereunder in order to prevent the aggregate amount referred to above from exceeding the Specified Amount.

(c) If the amount of interest accrued on the principal sum to (but excluding) an instalment payment date exceeds the amount payable on such date pursuant to the Charge, such excess (hereinafter called "deferred interest") shall, from and including such date, bear interest at the Variable Mortgage Rate in effect from time to time. On the last day of each month, all interest accrued during the previous month on deferred interest shall be added to and shall form part of the deferred interest and all of the deferred interest shall bear interest at the Variable Mortgage Rate in effect from time to time.

(d) While the amount of each monthly instalment to be paid by the Chargor under the Charge is, except as set out, fixed under the terms of the Charge, the amount of the interest and principal components of each instalment may change as the Variable Mortgage Rate (as defined in the Charge) changes. The method of calculation of the interest and principal components of each instalment is available at any branch of the Chargee and is described below.

METHOD OF CALCULATION

1. Determine the number of days in the payment period, including the date of the immediately preceding payment (or, in the case of the first payment, the interest adjustment date) and excluding the date on which the instalment is being paid.

2. (a) Determine, for each different Current Rate chargeable during the payment period, the number of days on which such Rate was chargeable. Apply the following formula, for each such Rate, in order to determine the amount of interest which accrued on the principal sum in the payment period for each such Rate:

Principal sum owing after immediately preceding payment	x	Current Rate	x	Number of days during payment period on which such Current Rate was chargeable
				Number of days in the year

(If the calculation is made in respect of the first monthly instalment, the principal sum used in the formula will be the principal sum owing on the interest adjustment date.) Add each of the interest components calculated in accordance with this formula in order to determine the total amount of interest which accrued on the principal sum during the period.

(b) The same procedure is followed to determine the total amount of interest which accrued on the deferred interest during the period, except that, in the formula, the deferred interest owing after the immediately preceding payment is used instead of the principal sum then owing. The total amount of interest which accrued on the deferred interest during the period is then added to the deferred interest which was owing after the immediately preceding payment in order to determine the deferred interest outstanding on the instalment payment date

(c) The instalment is applied as follows:

(i) it is applied first to the total amount of interest which accrued on the principal sum during the period;

(ii) if the instalment exceeds the total amount of interest which accrued on the principal sum during the period, the balance of the instalment is applied first to the deferred interest outstanding on the instalment payment date as calculated above, and any remaining balance of the instalment is then applied in reduction of the principal sum.

EXAMPLE

1. The following example indicates how these calculations are carried out in practice. In this example, we are assuming the following information:

(i) The principal sum owing after the immediately preceding payment - $50,000.00.

(ii) The amount of deferred interest owing after the immediately preceding payment - $40.00.

(iii) Current Rate during the payment period - 20%.

(iv) The amount of monthly instalment - $850.00.

(v) Number of days in the payment period - 28.

2. (i) Use the formula set out above to determine the interest which accrued on the principal sum during the period -

$50,000.00	x	20	x	28	=	$767.12
		100		365		

(ii) Use the formula to determine the interest which accrued on the deferred interest during the period -

$40.00	x	20	x	28	=	$0.61
		100		365		

Add this amount to the deferred interest owing after the immediately preceding payment to determine the deferred interest outstanding on the instalment payment date - $40.00 + 0.61 = $40.61

(iii) Apply the monthly instalment ($850.00) first to payment of the total amount of interest which accrued on the principal sum during the period ($767.12), leaving a balance of $82.88 ($850.00 - $767.12), and apply this balance to the deferred interest outstanding on the instalment payment date ($40.61), leaving a balance of $42.27 ($82.88 - $40.61) to be applied in reduction of the principal sum.

(d) At any time during the term of this Charge, the Chargor when not in default shall be entitled to elect to convert the interest rate payable hereunder to a fixed rate for a term to be agreed upon, provided that the Chargor:

(i) Gives 30 days written notice to the Chargee; and

(ii) Pays a fee to be fixed by the Chargee and

(iii) Executes an agreement in a form satisfactory to the Chargee.

The rate of interest payable hereunder shall, on completion of each of the foregoing requirements, be fixed from the date stipulated in the agreement referred to in subparagraph (iii), at the rate of interest then offered by the Chargee on fixed rate charges for the term equal to the term stipulated in the agreement referred to in subparagraph (iii).

These tables show the annual rate and the equivalent semi-annual rate of Variable Interest Rate Mortgages for varying annual interest rates. Should the Variable Mortgage Rate change such that the annual rate is not reflected in these tables, the Chargor may obtain the equivalent semi-annual rates by contacting the Chargor's branch

Column **A** contains the interest rate per annum calculated monthly, not in advance, whereas column **B** contains the equivalent interest rate per annum calculated semi-annually, not in advance.

Increments of .125

A	B	A	B	A	B
1.000	1.002	4.250	4.287	7.500	7.618
1.125	1.128	4.375	4.415	7.625	7.747
1.250	1.253	4.500	4.542	7.750	7.876
1.375	1.379	4.625	4.670	7.875	8.005
1.500	1.505	4.750	4.797	8.000	8.134
1.625	1.631	4.875	4.925	8.125	8.263
1.750	1.756	5.000	5.052	8.250	8.393
1.875	1.882	5.125	5.180	8.375	8.522
2.000	2.008	5.250	5.307	8.500	8.651
2.125	2.134	5.375	5.436	8.625	8.781
2.250	2.261	5.500	5.563	8.750	8.911
2.375	2.387	5.625	5.691	8.875	9.040
2.500	2.513	5.750	5.819	9.000	9.170
2.625	2.639	5.875	5.947	9.125	9.300
2.750	2.766	6.000	6.075	9.250	9.430
2.875	2.892	6.125	6.204	9.375	9.560
3.000	3.019	6.250	6.332	9.500	9.690
3.125	3.145	6.375	6.460	9.625	9.820
3.250	3.272	6.500	6.588	9.750	9.950
3.375	3.399	6.625	6.717	9.875	10.080
3.500	3.526	6.750	6.845	10.000	10.210
3.625	3.652	6.875	6.974	10.125	10.340
3.750	3.779	7.000	7.102	10.250	10.471
3.875	3.906	7.125	7.232	10.375	10.601
4.000	4.033	7.250	7.360	10.500	10.732
4.125	4.161	7.375	7.489	10.625	10.862

STANDARD CHARGE TERMS
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A	B	A	B	A	B
10.750	10.993	13.625	14.017	16.500	17.077
10.875	11.124	13.750	14.149	16.625	17.211
11.000	11.255	13.875	14.282	16.750	17.345
11.125	11.386	14.000	14.414	16.875	17.479
11.250	11.516	14.125	14.547	17.000	17.613
11.375	11.648	14.250	14.679	17.125	17.747
11.500	11.779	14.375	14.812	17.250	17.881
11.625	11.910	14.500	14.945	17.375	18.016
11.750	12.041	14.625	15.077	17.500	18.150
11.875	12.172	14.750	15.210	17.625	18.284
12.000	12.304	14.875	15.343	17.750	18.419
12.125	12.435	15.000	15.476	17.875	18.554
12.250	12.566	15.125	15.609	18.000	18.688
12.375	12.698	15.250	15.742	18.125	18.823
12.500	12.830	15.375	15.875	18.250	18.958
12.625	12.961	15.500	16.009	18.375	19.092
12.750	13.093	15.625	16.142	18.500	19.227
12.875	13.225	15.750	16.275	18.625	19.362
13.000	13.357	15.875	16.409	18.750	19.497
13.125	13.489	16.000	16.542	18.875	19.632
13.250	13.621	16.125	16.676	19.000	19.768
13.375	13.753	16.250	16.810		
13.500	13.885	16.375	16.943		

Increments of .05

A	B	A	B	A	B
1.00	1.002	2.00	2.008	3.00	3.019
1.05	1.052	2.05	2.059	3.05	3.069
1.10	1.103	2.10	2.109	3.10	3.120
1.15	1.153	2.15	2.160	3.15	3.171
1.20	1.203	2.20	2.210	3.20	3.221
1.25	1.253	2.25	2.261	3.25	3.272
1.30	1.304	2.30	2.311	3.30	3.323
1.35	1.354	2.35	2.362	3.35	3.373
1.40	1.404	2.40	2.412	3.40	3.424
1.45	1.454	2.45	2.463	3.45	3.475
1.50	1.505	2.50	2.513	3.50	3.526
1.55	1.555	2.55	2.564	3.55	3.576
1.60	1.605	2.60	2.614	3.60	3.627
1.65	1.656	2.65	2.665	3.65	3.678
1.70	1.706	2.70	2.715	3.70	3.729
1.75	1.756	2.75	2.766	3.75	3.779
1.80	1.807	2.80	2.816	3.80	3.830
1.85	1.857	2.85	2.867	3.85	3.881
1.90	1.908	2.90	2.918	3.90	3.932
1.95	1.958	2.95	2.968	3.95	3.983

STANDARD CHARGE TERMS
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A	B	A	B	A	B
4.00	4.033	5.00	5.052	6.00	6.075
4.05	4.084	5.05	5.103	6.05	6.126
4.10	4.135	5.10	5.154	6.10	6.178
4.15	4.186	5.15	5.205	6.15	6.229
4.20	4.236	5.20	5.256	6.20	6.280
4.25	4.287	5.25	5.307	6.25	6.332
4.30	4.338	5.30	5.358	6.30	6.383
4.35	4.389	5.35	5.409	6.35	6.434
4.40	4.440	5.40	5.461	6.40	6.485
4.45	4.491	5.45	5.512	6.45	6.537
4.50	4.542	5.50	5.563	6.50	6.588
4.55	4.593	5.55	5.614	6.55	6.640
4.60	4.644	5.60	5.665	6.60	6.691
4.65	4.695	5.65	5.716	6.65	6.742
4.70	4.746	5.70	5.768	6.70	6.794
4.75	4.797	5.75	5.819	6.75	6.845
4.80	4.848	5.80	5.870	6.80	6.896
4.85	4.899	5.85	5.921	6.85	6.948
4.90	4.950	5.90	5.973	6.90	6.999
4.95	5.001	5.95	6.024	6.95	7.051

A	B	A	B	A	B
7.00	7.102	8.00	8.134	9.00	9.170
7.05	7.154	8.05	8.186	9.05	9.222
7.10	7.205	8.10	8.237	9.10	9.274
7.15	7.257	8.15	8.289	9.15	9.326
7.20	7.308	8.20	8.341	9.20	9.378
7.25	7.360	8.25	8.393	9.25	9.430
7.30	7.411	8.30	8.444	9.30	9.482
7.35	7.463	8.35	8.496	9.35	9.533
7.40	7.515	8.40	8.548	9.40	9.586
7.45	7.566	8.45	8.600	9.45	9.637
7.50	7.618	8.50	8.651	9.50	9.690
7.55	7.669	8.55	8.703	9.55	9.741
7.60	7.721	8.60	8.755	9.60	9.794
7.65	7.772	8.65	8.807	9.65	9.845
7.70	7.824	8.70	8.859	9.70	9.898
7.75	7.876	8.75	8.911	9.75	9.950
7.80	7.927	8.80	8.962	9.80	10.002
7.85	7.979	8.85	9.014	9.85	10.054
7.90	8.031	8.90	9.066	9.90	10.106
7.95	8.082	8.95	9.118	9.95	10.158

A	B	A	B	A	B
10.00	10.210	11.00	11.255	12.00	12.304
10.05	10.262	11.05	11.307	12.05	12.356
10.10	10.314	11.10	11.359	12.10	12.409
10.15	10.367	11.15	11.412	12.15	12.461
10.20	10.419	11.20	11.464	12.20	12.514
10.25	10.471	11.25	11.516	12.25	12.566
10.30	10.523	11.30	11.569	12.30	12.619
10.35	10.575	11.35	11.621	12.35	12.672
10.40	10.627	11.40	11.674	12.40	12.724
10.45	10.680	11.45	11.726	12.45	12.777
10.50	10.732	11.50	11.779	12.50	12.830
10.55	10.784	11.55	11.831	12.55	12.882
10.60	10.836	11.60	11.883	12.60	12.935
10.65	10.889	11.65	11.936	12.65	12.988
10.70	10.941	11.70	11.988	12.70	13.040
10.75	10.993	11.75	12.041	12.75	13.093
10.80	11.045	11.80	12.093	12.80	13.146
10.85	11.098	11.85	12.146	12.85	13.198
10.90	11.150	11.90	12.198	12.90	13.251
10.95	11.202	11.95	12.251	12.95	13.304

STANDARD CHARGE TERMS
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Increments of .05

A	B	A	B	A	B
13.00	13.357	14.00	14.414	15.00	15.476
13.05	13.409	14.05	14.467	15.05	15.529
13.10	13.462	14.10	14.520	15.10	15.583
13.15	13.515	14.15	14.573	15.15	15.636
13.20	13.568	14.20	14.626	15.20	15.689
13.25	13.621	14.25	14.679	15.25	15.742
13.30	13.674	14.30	14.732	15.30	15.796
13.35	13.726	14.35	14.785	15.35	15.849
13.40	13.779	14.40	14.838	15.40	15.902
13.45	13.832	14.45	14.892	15.45	15.955
13.50	13.885	14.50	14.945	15.50	16.009
13.55	13.938	14.55	14.998	15.55	16.062
13.60	13.991	14.60	15.051	15.60	16.115
13.65	14.044	14.65	15.104	15.65	16.169
13.70	14.097	14.70	15.157	15.70	16.222
13.75	14.149	14.75	15.210	15.75	16.275
13.80	14.202	14.80	15.263	15.80	16.329
13.85	14.255	14.85	15.317	15.85	16.382
13.90	14.308	14.90	15.370	15.90	16.436
13.95	14.361	14.95	15.423	15.95	16.489

A	B	A	B	A	B
16.00	16.542	17.00	17.613	18.00	18.688
16.05	16.596	17.05	17.667	18.05	18.742
16.10	16.649	17.10	17.720	18.10	18.796
16.15	16.703	17.15	17.774	18.15	18.850
16.20	16.756	17.20	17.828	18.20	18.904
16.25	16.810	17.25	17.881	18.25	18.958
16.30	16.863	17.30	17.935	18.30	19.011
16.35	16.917	17.35	17.989	18.35	19.066
16.40	16.970	17.40	18.043	18.40	19.119
16.45	17.024	17.45	18.096	18.45	19.173
16.50	17.077	17.50	18.150	18.50	19.227
16.55	17.131	17.55	18.204	18.55	19.281
16.60	17.184	17.60	18.258	18.60	19.335
16.65	17.238	17.65	18.311	18.65	19.389
16.70	17.291	17.70	18.365	18.70	19.443
16.75	17.345	17.75	18.419	18.75	19.497
16.80	17.399	17.80	18.473	18.80	19.551
16.85	17.452	17.85	18.527	18.85	19.605
16.90	17.506	17.90	18.580	18.90	19.660
16.95	17.559	17.95	18.634	18.95	19.714

Environmental:

48. The Chargor represents and warrants that:

(a) The Chargor has never caused or allowed any waste or pollution to be placed, stored or disposed of on, under or near the Land;

(b) To the best of the Chargor's knowledge, no prior owner, tenant, occupant or other person had caused or allowed waste or pollution to be placed, stored or disposed of on, under or at the Land

(c) No pollution abatement order, minister's order, or other enforcement action has been threatened or issued or is pending by any governmental agency in respect of the Land and any applicable environmental laws; and the Chargor covenants to:

(i) not cause or allow the placement, storage or disposal of any waste, pollution or other substance on, under or at the Land where to cause or allow such would contravene any applicable environmental laws;

(ii) notify the Chargee if any governmental agency commences or threatens to commence any enforcement action under any applicable environmental laws or if the Chargor, a tenant or occupant of the Land, or the Land itself become the subject of any litigation commenced or pending with respect to the existence of waste or pollution on, under or at the Land or an adjoining property; and

(iii) indemnify and have harmless the Chargee, its officers, directors, agents and any receiver appointed by or on the application of the Chargee from and against and shall reimburse for any and all losses, liabilities, claims, damages and expenses suffered by them under or on account of any applicable environmental laws enforced against the Land or any order, settlement or judgement arising from the placement, storage or disposal of any waste or pollution on, under or at the Land, and the provisions of this section shall survive any foreclosure or discharge of this Charge.

Governing Law

49.

This set of standard charge terms and the Charge shall be governed by the laws of Ontario

National Housing Act

50.

If the Charge is insured by Canada Mortgage and Housing Corporation against default:

(a) the Charge is made pursuant to the National Housing Act;

(b) if there is any conflict between any provision of the Charge and any requirement of the National Housing Act or the National Housing Loan Regulations, such latter requirement shall govern; and

(c) all applicable requirements of the National Housing Act and the National Housing Loan Regulations are hereby incorporated herein.

Ontario New Homes Warranties Plan Act

51. If the Ontario New Home Warranties Plan Act, R.S.O., 1990, C. O.31 (as amended or replaced) applies to the Charged Premises, the Chargor agrees to comply with its requirements and to reimburse the Chargee for any costs which the Chargee incurs in complying or enforcing the rights of the Chargor on behalf of the Chargor if the Chargor fails to do so (which the Chargee may do but is not required to do).

Personal Information

52. The Chargee may collect financial or related information about the Chargor. This information includes:

- information about the Charge;

- information about the Chargor's transactions using the Chargee's products and services;

- information to identify the Chargor or qualify the Chargor for products and services; and

- information the Chargee needs for regulatory purposes.

The Chargee collects the foregoing information from a number of different sources including the Chargor's application for the Charge, references provided by the Chargor, credit reporting agencies, other financial institutions, service providers, the Chargee's records and from individuals authorized to act on the Chargor's behalf.

The Chargee may use the Chargor's personal information to open, process, maintain and collect upon the Charge. The Chargee will use and disclose the Chargor's personal information in accordance with privacy policies adopted by the Chargee, copies of which have been made available to the Chargor. These privacy policies may be amended from time to time. Further information about the Chargee's privacy policies can be obtained by the Chargor contacting any office of the Chargee.

The Chargor agrees that the Chargee may enter into this Charge on behalf of another entity, as an agent or nominee and also that the Chargee may assign the Charge to another entity. In such cases, the entity is known as the "beneficial owner". The Chargor can do this whether or not the beneficial owner is named in this Charge. The Chargee may disclose the Chargor's personal information to the beneficial owner, its agent and any other person or entity to which the beneficial owner assigns the Charge. The Chargee may also disclose personal information about the Chargor to any service provider. A service provider is any person or entity that:

- is involved in servicing, maintaining, collecting or operating the Charge, or

- provides services or benefits to the Chargor under the Charge.

The Chargor's personal information includes all information provided by the Chargor or obtained by the Chargee in connection with this Charge and ongoing information and documentation about the Chargor and the Charge sufficient for the beneficial owner, agent, assignee or service provider to administer the Charge and exercise their rights thereunder.

Interpretation of certain words:

53. In construing this Charge, the use of words in the singular or plural, or with a particular gender, including the words "Chargor" and "Chargee", shall not limit the scope or exclude the application of any provision of this Charge to such person or persons or circumstances as the context otherwise permits; and all rights, advantages, privileges, immunities, powers and things hereby secured to the "Chargor or Chargors", "Chargee or Chargees", shall be equally secured to and exercisable by his, her, its, or their heirs, executors, administrators and assigns, or successors and assigns as the case may be. All covenants, liabilities and obligations entered into or imposed hereunder upon the "Chargor or Chargors", "Chargee or Chargees", shall be equally binding on his, her, its or their heirs, executors, administrators and assigns, or successors and assigns as the case may be, and all such covenants, liabilities and obligations shall be made by the Chargors jointly and severally, unless the Charge specifies otherwise, and with the Chargees jointly, unless the monies secured are expressly secured to them in several shares or distinct sums. All words appearing in this Charge that are defined in Section 1 of the Act, except the word "successor", shall be read and construed as having the meaning assigned to them by Section 1 of the Act. "Land" shall also mean the land described in Box 5 of the Charge as amended from time to time and, for greater certainty, includes where the context permits, structures thereon. "Charged Premises" includes the Land and any structures thereon. "Interest rate differential" means the difference between interest payable for the balance of the term at the interest rate applicable to the Charge on the relevant date and interest payable for the balance of the term at the posted interest rate of the Chargee on that date for a charge with a term similar to the time then remaining on the Charge and with similar prepayment privileges to those applicable to the Charge.

DATED at Ottawa this 20th day of September, 2006.

ALTERNA SAVINGS AND CREDIT UNION LIMITED
By their solicitors, Ogilvy Renault LLP

Per:
Kenneth L. W. Boland

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200635 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200636 Cote
Filing Date Oct. 25th 2006 Date de Dépôt
Page 1 of/de 28 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

CIBC

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Ontario
Options
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Standard Charge Terms

Land Registration Reform Act

Filed By:	CIBC Mortgages Inc.
Filing Number:	
Filing Date:	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms:

Mortgage means:

- the Charge/Mortgage of Land which is the part of this mortgage that is or will be registered against the title to your property;
- this set of Standard Charge Terms;
- any Schedules that are attached to the Charge/Mortgage of Land; and
- any renewals or amendments.

You and **your** mean each person, corporation, and other entity who has signed the mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity.

We, us, and **our** mean CIBC Mortgages Inc.

CIBC means Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. It includes all buildings and structures on the land now or added later, as well as anything attached now or later to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount is the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Your regular payment means the amount of each payment as described on the Charge/Mortgage of Land.

Loan amount means the amount of money you owe us at any given time under this mortgage. It is the balance you owe on the loan. The loan amount may include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other charges and interest on other charges. Other charges may include the expenses of enforcing our rights as well as paying off any prior charges against your property. These may include such things as:

- costs for preparing and registering this mortgage;
- costs for providing insurance, if we decide to insure your property;
- costs for inspecting your property;
- all of our administrative and legal costs; and
- paying any charges or liens against your property that we have not agreed to in our loan approval document such as taxes owing on your property.

Interest Adjustment Date is the date identified as the interest adjustment date in the mortgage. The interest adjustment date is one payment period before the first regular payment date.

CIBC Prime Rate is the annual variable reference rate of interest that CIBC declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

Mortgage Year means the 12-month period following the interest adjustment date and each anniversary of the interest adjustment date.

STANDARD CHARGE TERMS
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2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property to us. In return, we make a loan to you for the principal amount, or any part of the principal amount as is advanced to you from time to time. This means that your interest in your property is security to us for repayment of the loan amount and your performance of all your obligations under the mortgage.

You agree to pay the loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage, including paying all taxes on your property.

Our interest in your property ends when you have repaid the total loan amount, as provided in the mortgage, and you have met all of your obligations under this mortgage.

2.1 Your interest in your property

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this mortgage.

If you are a tenant or a lessee of your property, you charge and sublease your entire interest in your property to us for the entire term of the lease (except the last day), including any renewals. Your interest in your property includes any option or right of first refusal to purchase.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately. If you do not pay them, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

2.2 Who is obligated by this mortgage

The obligations under this mortgage are the collective and individual responsibility of each person, corporation or other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage and paying the entire loan amount, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Our successors and anyone to whom we transfer this mortgage is also obligated by this mortgage.

2.3 Changing or renewing this mortgage (also important to anyone who has a subsequent interest in your property)

We may make written agreements with you to change any part of this mortgage. These agreements could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the mortgage. Even if we do not register these agreements, this mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the mortgage.

Any new agreement we make with any borrower or any other person who is obligated to pay the loan amount will not release or affect the liability of others who are obligated under this mortgage, even if they do not sign or are not advised of the new agreement.

2.4 Building mortgage

If the mortgage is used to finance an improvement, you agree to make the improvement only according to plans and specifications that we have approved. Improvements include any construction or installation on your property or any alteration, addition or repair to any building or structure on your property.

You must complete the improvement as quickly as is reasonably possible and must meet all government requirements and building standards that apply to your property. If we ask you to, you will provide us with proof that you have met all government requirements and building standards that apply to your property. You must pay for all costs associated with providing this proof.

You will be responsible for all costs related to the improvement and will provide us with proof that you have paid all money that is owed in connection with the work.

We may make advances to you based on progress in completing the improvement or upon its completion. In the case of a building, we may also make advances to you based on its occupancy or the sale of the building. You agree to pay us our administration and processing fees in effect at the time for any advances we make that are based on progress. You must pay us these administration and processing fees immediately. If you do not pay them, we may declare that you are in default on the mortgage, or add the fees to the loan amount, or do both.

We may hold back money from any advances until we are satisfied that all obligations under the *Construction Lien Act* are met. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

We may obtain an order removing any construction lien, and, if we think it is necessary, we may provide financial guarantees or other security to obtain such an order. You must immediately pay all of our expenses for this, including any charges for providing financial guarantees. If you do not pay these expenses, we may declare that you are in default on the mortgage, or we may add the amount payable to the loan amount, or we may do both.

2.5 Making material changes

Any agreement, whether verbal or in writing, to make material changes to the mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original Charge/Mortgage of Land, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the mortgage.

2.6 Mortgages with deposits

If required under the terms of your mortgage loan, you will deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the principal amount advanced. You will earn interest on this deposit at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days of the date of funding. If this is not done, you authorize us to apply the deposit on account of the mortgage principal and the monthly payment will be adjusted to reflect the lower principal balance. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

3. Interest

3.1 Interest rate

You will find the interest rate on the Charge/Mortgage of Land or on the Schedule attached to the Charge/Mortgage of Land.

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Interest is payable on the loan amount at this rate until the total loan amount has been paid, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.2 *Payment frequency*

Interest is payable at the frequency shown on the Charge/Mortgage of Land.

3.3 *If you have a fixed interest rate mortgage*

If you have a fixed interest rate mortgage, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

3.4 *If you have a variable interest rate mortgage*

(applies ONLY to adjustable rate mortgages)

Because the interest rate on your loan is variable, the interest rate in effect at any particular time is called your current mortgage rate.

If you have an ***Adjustable Rate Mortgage***, the interest rate will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The CIBC Prime Rate will vary from time to time. The principal and interest payment will be recalculated every time the CIBC Prime Rate changes, based on the current mortgage rate and the remaining amortization period of the mortgage.

Interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

The interest rate will change **automatically** every time there is a change in the CIBC Prime Rate. These changes will occur without you being notified.

Within a reasonable time after each change in the CIBC Prime Rate, we may send you a letter telling you the current mortgage rate, and the date it became effective, and if applicable, the new principal and interest payment amount. We will mail this letter to the address we have on file for you. The interest rate will still vary whether or not we have sent you a letter about the change, or whether you have received the letter. However, if we do send you the letter, we may continue to accept or process the same payment amount that we processed before the change in the CIBC Prime Rate until a reasonable time after the letter was sent to you. You can always find the current CIBC Prime Rate on our website (www.firstline.com) or by contacting us.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

If there is a need to prove the CIBC Prime Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

3.5 *Deferred Interest /Negative Amortization*

If your regular principal and interest payment is not sufficient to cover the interest on the mortgage from one regular payment date to the next, the interest outstanding is called deferred interest. Deferred interest is added to the outstanding principal balance on your mortgage. When deferred interest is added to your outstanding principal balance, negative amortization can occur. This means that the amortization period of your mortgage may increase rather than decrease. In addition, when deferred interest is added to the outstanding principal balance of your mortgage, the entire amount becomes principal and interest is charged on it at the current mortgage rate.

3.6 *Interest on amounts advanced to you before the interest adjustment date*

If this mortgage is not a building mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated in the manner outlined in the Charge/Mortgage of Land and the rate will be the lower of the following two rates:

- the initial interest rate set seven days before the date of advance; and
- the current mortgage rate in effect on the date of advance.

If this is a building mortgage, interest on progress advances is calculated daily. It is payable monthly up to the interest adjustment date established for the initial term of the mortgage. We may deduct the interest owing on any advance from future advances, without making any adjustment. In cases where more than 30 days have passed between advances, you must pay interest on previous advances as soon as it is invoiced or deducted from your account. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. We will deduct any interest owed on the interest adjustment date established for the initial term of the mortgage from the last substantial advance.

3.7 *Interest on overdue amounts*

If you do not make the regular mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is shown on the Charge/Mortgage of Land and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

3.8 *Interest adjustment when payment frequency changes*

If you are not in default on your loan, you may change your payment frequency to any of the options available for your type of mortgage at the time you make the change. If you choose to change your payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your loan, or we may add the interest adjustment and administration or processing fees to the loan amount, or we may do both.

3.9 *Increase and Blend*

(applies ONLY to Options Fixed Rate Mortgages)

As long as you meet our mortgage approval criteria, including those relating to the borrower and mortgage terms, you may:

- increase the principal amount secured; and/or
- extend the term of the mortgage.

If you do either or both of these, the interest rate that will apply will be blended to reflect the existing mortgage rate, the prevailing rates, prepayment charges, and administration and processing fees, if any.

3.10 *U.S.A. resident*

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us.

In these cases, the interest rate on your mortgage is or will be based on our normal lending rates multiplied by 1.1111. This is done to cover our obligations to remit this tax to the U.S.A. tax authorities.

We may change this formula any time during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority in the U.S.A., makes a change to the amount of tax to be paid.

For example, if you are a resident of the U.S.A. when you sign the mortgage, and the normal lending rate is 6.250% a year, your interest rate will be 6.944% a year. This is equal to 6.250% x 1.1111.

Or, if you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% a year, your new interest rate will be 6.944% a year, which is equal to 6.250% x 1.1111.

4. Payments on the loan amount

4.1 Currency and place of payment

You will pay the loan amount to us in Canadian dollars at the address shown on the Charge/Mortgage of Land.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 Regular payments

You must make regular payments to us for the principal and interest. The amount of each payment and the payment dates are shown on the Charge/Mortgage of Land. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the loan amount on the balance due date. You can find the balance due date on the Charge/Mortgage of Land.

4.3 Bank account for payments

You must maintain a bank account that is satisfactory to us with a Canadian financial institution and give us authorization to automatically deduct each payment of principal, interest, taxes, life insurance premiums (if applicable) and any other optional services you have selected when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your loan, or add these fees to the loan amount, or do both.

4.4 Payments on amounts advanced to you before the interest adjustment date

We may advance to you part of the principal amount before the interest adjustment date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the interest adjustment date:

- we may ask you to pay the interest on this amount on the interest adjustment date;
- we may deduct the interest from your bank account on the interest adjustment date;
- we may deduct the interest from the remaining amount of the principal that we advance to you; or
- we may deduct the interest from your bank account on the first regular payment date.

4.5 Payment on default

If you do not meet one or more of your obligations under the mortgage, including your obligation to make payments, you must immediately pay to us all outstanding amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest, taxes, life insurance premiums (if applicable) and any other optional services you have selected on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the loan amount. We may also use any of our rights stated in section 4.7 below.

4.6 Demand to repay the total loan amount immediately

We may require you to repay the total loan amount immediately if:

- you do not make any payment required by the mortgage;
- you do not meet one or more of your obligations under the mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this mortgage, or when you applied for the mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days; or
- your property is abandoned.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this mortgage.

4.7 How we apply your payments

We will apply payments we receive from you in the following order:

1. To pay any life insurance premiums on the mortgage, if any.
2. To bring into good standing any accounts related to the mortgage for which we are holding funds for payment to others, including tax accounts.
3. To pay for the cost of optional services made available by us and selected by you.
4. To pay any collection expenses or any applicable administration and processing fees.
5. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the principal amount accumulated up to, but not including, the payment date.
6. To reduce the principal amount.

However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

Here is an example of how payments are normally applied and how you can estimate how much of your regular payment will be applied to principal and how much will be applied to interest. The result you get will only be an estimate. We use a precise formula to calculate these amounts, which has been simplified for the example. The actual amounts may be higher or lower than the estimates. You can contact us to find out exactly how each of your payments is applied.

Example of how to estimate how much of your payment is applied to principal and how much is applied to interest

Mary and Sebastian have an ***Adjustable Rate Mortgage*** with monthly payment dates. Every month, they pay $557.50. Of this payment, $62.00 is for life insurance premiums and $55.00 is for estimated taxes. At the last payment date, the principal amount they still owed was $87,500.00. Their current mortgage rate for the period is 4.000%, and there are 28 days in the current payment period.

In addition, they owe the following amounts:

Deferred Interest:	$40.00
Collection Expenses:	$45.00

Here is how they can estimate how much of their next payment will be applied to interest and how much will be applied to principal.

Step 1: Total payment	$557.50
Step 2: Subtract life insurance premium	$62.00
Step 3: Subtract estimated taxes	$55.00
Step 4: Subtract collection expenses	$45.00
Step 5: Estimate and subtract interest on the principal amount	
Interest on the principal amount can be estimated using the following formula: $\text{Principal Amount} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$	
$\$87{,}500.00 \times \frac{4}{100} \times \frac{28}{365}$	$268.49
Step 6: Subtract deferred interest owing	$40.00
Step 7: Estimate and subtract interest on the deferred interest	
Interest on deferred interest can be estimated using the following formula: $\text{Deferred Interest} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$	
$\$40.00 \times \frac{4}{100} \times \frac{28}{365}$	$0.12
Step 8: Estimated amount left to be used to reduce the principal amount	$86.89

4.8 *Changing the amount of your regular payments*

Each Mortgage Year, you have the privilege of increasing the amount of your regular payment. The increase allowed depends on the type of mortgage you have. These privileges are non-cumulative. This means that you cannot carry forward unused allowable increases or decreases in payments to future mortgage years.

To qualify for increasing or decreasing your payments, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

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- **If you have an Option Adjustable Rate Mortgage,** once each mortgage year you may increase the amount of your regular payment to any amount, without paying a prepayment charge, as long as the resulting amortization period is not less than five years. Once each mortgage year, you may also decrease the amount of your regular payment as long as the resulting amortization period is not longer than the remaining time left in the original amortization period.

If you have an Option Fixed Rate Mortgage, once each mortgage year you may increase the amount of your regular payment up to 15% of the original payment amount. Once each mortgage year, you may also decrease the amount of your regular payment as long as the resulting amortization period is not longer than the remaining time left in the original amortization period. Also, the new payment amount may never be less than the original payment amount.

4.9 Prepaying your closed mortgage without paying a prepayment charge

Each mortgage year, you may prepay up to a certain percentage of the original principal amount without paying a prepayment charge. The allowable percentage depends on the type of mortgage you have.

If you have an Option Adjustable Rate Mortgage, you can prepay up to 20% of the original principal amount each mortgage year without paying a prepayment charge.

If you have an Option Fixed Rate Mortgage, you can prepay up to 15% of the original principal amount each mortgage year without paying a prepayment charge.

The following conditions apply:

- you may only make a prepayment on a regular payment date;
- the minimum prepayment is $100.00;
- if you do not use any or all of this privilege in a mortgage year, you cannot carry forward any unused portion of the privilege to a future mortgage year;
- this right of prepayment without paying a prepayment charge does not apply if you prepay the entire principal amount of the mortgage, even if you have not used this privilege in the mortgage year when the mortgage is paid off;
- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.10 Prepaying the loan amount with prepayment charges

Prepayment charges will be payable in addition to regular interest at the rate specified in your mortgage and, where applicable, interest in connection with payments we have not processed between the date on which you made your last regular payment and the prepayment date.

Ordering the mortgage payout statement

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

After the end of the fifth year of your mortgage

If the term of your mortgage is greater than five years and you are not a corporation, you may prepay the entire outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay. Interest costs will be calculated at your mortgage interest rate that is in effect on the prepayment date.

Before the end of the fifth year of your mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

Prepaying your *Adjustable Rate Mortgage*

If you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months' interest on the amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at the CIBC Prime Rate in effect on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be the CIBC Prime Rate in effect on the date we prepare the mortgage payout statement.

Prepaying a *Fixed Rate Mortgage*

If you want to prepay more than the 15% allowed in any mortgage year, a prepayment charge will apply. This prepayment charge will be payable in addition to regular interest at the rate specified in your mortgage. The prepayment charge will be the higher amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount that is subject to a prepayment charge, calculated at your existing annual interest rate on the date of prepayment (plus any discounts you received on your existing annual interest rate); or
- the interest rate differential amount.

If you are making a **partial** prepayment, the interest rate differential amount is the **difference** between the following two amounts:

1. The interest costs on the amount prepaid charged from the prepayment date to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from the prepayment date to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date of prepayment for a closed CIBC Options brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
    - the remaining term of your mortgage;
    - the features of your mortgage; and
    - whether you have a conventional or a high-ratio mortgage.

If you are prepaying **all** of the outstanding principal amount, the interest rate differential amount is the **difference** between the following two amounts:

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1. The interest costs on the amount prepaid charged from your last scheduled regular payment date which falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).

2. The interest costs on the amount prepaid, calculated at the reinvestment rate from your last scheduled payment date that falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date we prepare the mortgage payout statement for a closed CIBC Options brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
   - the remaining term of your mortgage;
   - the features of your mortgage; and
   - whether you have a conventional or a high-ratio mortgage.

4.11 Prepayments if the property has more than four living units or if the property is used for commercial, industrial or non-residential purposes

If your property has more than four living units or is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

4.12 Prepayment charges for U.S.A. residents

If you are a resident of the United States of America (U.S.A.) for tax purposes at the time you prepay your mortgage, any prepayment charges may be considered as "interest" for U.S.A. tax purposes. In these cases, we have the right to increase the prepayment charge by multiplying it by 1.1111 to cover the tax which may be imposed by the U.S.A. tax authorities on your prepayment charges.

4.13 Date of the mortgage

You agree that for purposes of defining the date of the mortgage for any statutory right of prepayment, renewal or early renewal, the date of the mortgage is the interest adjustment date. This is the case even if the mortgage or renewal agreement or early renewal agreement was signed on a different date.

4.14 Repaying the cash back option

If you have a mortgage that offered a cash back option, you may be required to repay us all or a portion of the cash amount received. You may be required to do this if, for any reason, any of the following occur before the maturity date of the mortgage:

- any of the terms and conditions of the original mortgage are changed;
- the mortgage is refinanced, or you renew the mortgage early;
- the mortgage is assumed;
- you sell your property and buy another property within 90 days and we finance the new mortgage under section 13, "Portability" in these Standard Charge Terms;
- we sell your property under power of sale; or
- the mortgage is discharged.

We will determine the amount and method of calculation for the amount to be repaid based on your mortgage documents.

The repayment of the cash received under a cash back option is separate from any prepayment charges or fees that are applicable to the mortgage.

We may add the repayment amount to the principal amount owing at the time the mortgage is amended, discharged, refinanced or when you take advantage of early renewal.

5. Early renewal of fixed rate mortgages

(applies ONLY if you have a fixed rate mortgage)

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you cannot renew your mortgage early.

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may renew the mortgage before the balance due date. However, the following conditions apply:

- you must have met all your obligations under the mortgage;
- you must select from the mortgage options that we offer under the CIBC Options brand at the time you apply for early renewal;
- you must sign a mortgage amending agreement or an early renewal agreement, in a form acceptable to us, which will contain all of the changed terms and conditions;
- the interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage amending agreement or the early renewal agreement;
- you must pay us any administration and processing fees that apply to early renewal;
- you must pay us applicable prepayment charges;
- you must pay us any accumulated interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to the early renewal of your mortgage, including the costs of registration of the renewal documents.

You must pay us all amounts related to the early renewal immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

6. Converting your mortgage

(applies ONLY if you have an Adjustable Rate Mortgage)

If you have met all your obligations under the mortgage, you may convert your mortgage to fixed rate CIBC Options brand mortgage with an interest rate and terms that we offer to you at the time you convert the mortgage. The following conditions apply:

- you must apply in writing to our Mortgage Servicing Division;
- you must sign our mortgage conversion or amending agreement, which will contain all changed terms and conditions of the mortgage option you select;
- the new interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage conversion or amending agreement;
- the new payments will begin on the first or second scheduled payment date following conversion, determined by us; and
- you must pay us any interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest.

If, for any reason, a mortgage amending agreement is not signed, your written request to convert your mortgage will be binding on you and we are entitled to rely on it.

You must pay us all amounts related to converting your mortgage immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply. Any prepayment privileges will be contained in the conversion or amending agreement, whether or not you have signed it.

7. Your obligations related to your property

7.1 *Protecting your title and our interest*

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

7.2 *If you are a tenant or a lessee of your property*

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign the mortgage.
- You have met all of your obligations under your lease up to the date you sign the mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rents and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.
- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.
- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in the property and in your lease has been fully charged to us and that the loan amount is adequately secured. You will pay all costs and charges related to doing so.
- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.
- You will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for us. You will only deal with your property on the last day in the way that we require. You will have the same rights arising from this paragraph of your mortgage as you already have under the rest of the mortgage and under the law. You agree that we may remove you or any other person as trustee of this trust, and that we may appoint a new trustee.
- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.
- If we enforce our rights under the mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors.

- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under the mortgage, including our right to sell your property under power of sale.

7.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

7.4 Insurance

(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your mortgage, or add the amount to the loan amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the loan amount, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you.

7.5 *Property taxes*

On or before the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay current or future taxes.

After the interest adjustment date, you agree to pay us, on each regular payment date, a tax instalment in an amount based on the estimated annual taxes that will be payable for the year following that regular payment date. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments.

If you want to take advantage of any discount or to avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices. If you do not pay us, we will add these costs to the loan amount.

We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

If you do not meet any one or more of your obligations under the mortgage, we may apply any money that we have received for property taxes to any portion of the loan amount. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay property taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must repay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to the loan amount. If, for any reason, you do not pay the taxes when required, then we will require that you pay the property taxes to us as described above.

7.6 *Repairs*

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may declare that you are in default on your mortgage, or add the costs to the loan amount, or do both.

7.7 *Leasing or renting your property to another person*

If your property is approved by us as owner-occupied residential premises, you certify that no part of your property is rented or occupied by a tenant. You also agree **not** to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease on your property.

If your property is a rental property, we must consent to any rental. You also assign to us all leases, lease agreements and renewals, present and future, and all rents payable under these leases and agreements, and all rights under these leases and agreements as they affect your property. You must obtain our written approval before any future leases of your property are made, and before the renewal of any lease (unless it is a renewal provided for in a lease we have already approved).

If you lease any part of your property to another person in the future, you must do the following, if we ask you to:

- Sign and deliver to us an assignment of all leases, lease agreements, renewals, rents payable under the leases and agreements, and all rights contained in the leases, lease agreements and renewals that affect your property. The assignment must be suitable for registration and acceptable to us. We may also require that the assignment provide for obtaining estoppel certificates from tenants. We may also require that the assignment include specific assignments of leases. An estoppel certificate is a written statement from a tenant certifying, for example, the terms of the lease, or any promises made to them about the lease.
- Give us security on fixtures, equipment and other movable property or chattels as we may reasonably require.

You must pay all of our expenses related to the additional security. These expenses may include legal fees and registration costs.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will also be considered to have done this to adversely affect the value of our interest in the property, as described in the *Mortgages Act*.

If you do not meet one or more of these obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the full loan amount immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property.

Nothing we do under this section will be considered as us taking possession of your property.

7.8 *Hazardous or illegal substances, environmental regulations, and illegal activities*

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If your mortgage is insured by the Canada Mortgage and Housing Corporation (CMHC) or by Genworth Financial Mortgage Insurance Company Canada (Genworth), CMHC or Genworth or their agents may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the costs of any testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we, CMHC, or Genworth enforce our rights under this section, we, CMHC or Genworth will not be considered to have taken possession, management or control of your property. This also applies to our agents and agents of CMHC and Genworth.

7.9 Ontario New Home Warranties Plan Act

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

7.10 Possession of your property on default

You certify to us that if you fail to meet any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference.

8. Condominium

(applies ONLY to property that is a condominium unit)

8.1 Compliance with the Condominium Act, 1998

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

8.2 Payment of amounts and common expenses

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

8.3 Notices and demands

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

8.4 Voting rights

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

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We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

8.5 *Acceleration of repayment of the loan amount*

At our option, the loan amount will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws or rules and regulations;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements as required by section 8.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

8.6 *Insurance*

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or
- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

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9. Our rights

9.1 *We are under no obligation to make advances to you under the mortgage*

We may, for any reason, decide not to advance you all or any part of the principal amount, even if:

- you have signed this mortgage;
- this mortgage has been registered; or
- we have already given you part of the principal amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the mortgage. These costs will include legal fees, charged on a "substantial indemnity" basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the mortgage, or add them to the loan amount, or do both.

9.2 *Releasing your property from the mortgage*

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the loan amount. Your obligations, and the obligations of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

9.3 *Enforcing our rights*

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the mortgage, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference.
- **Appoint a receiver.** We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
    - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
    - its own commission as receiver;
    - all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing;
    - interest owing under the mortgage; and
    - all or any part of the loan amount, whether it is due or not.
- **Sue you.** We may take any action that is necessary to collect the loan amount.

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- **Lease your property or collect rents.** If you are in default on the mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Power of sale.** If you are in default on the mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale (after paying all costs and expenses) to reduce any part of the loan amount. We will only be responsible for the money remaining after the payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Foreclosure or sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
- **Cure any defaults.** We can cure any defaults under the mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

9.4 *Delay in enforcing our rights*

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the mortgage;
- require payment of the loan amount if you are in default; and
- require any other person, including a guarantor, who has obligations under the mortgage, to meet those obligations.

If you are in default, we may require you, or anyone else who is obligated by this mortgage, including any guarantor, to pay the total loan amount.

9.5 *If we do not enforce our rights on a particular default*

In some cases, we may not enforce our rights on a particular default by you. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

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9.6 *Court orders and judgments*

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage, including our right to receive interest as required by the mortgage.

9.7 *Doctrine of consolidation*

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

9.8 *Administration and processing fees*

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of your mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the loan amount. We will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your mortgage, or add these fees to the loan amount, or do both.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available by contacting us.

9.9 *Certain actions we can take*

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

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If you are a tenant or a lessee of your property, we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

Any payments we make under the mortgage will be added to the loan amount. We will charge you interest on these payments from the date we pay them at the interest rate specified in your Charge/Mortgage of Land. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

10. What happens if your property is sold or transferred

If you transfer title, or agree to transfer title, to your property to anyone without first obtaining our written approval, we may require you to pay the entire loan amount immediately. Accepting any payment from any person who we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the full loan amount immediately.

You agree to give us sufficient information to enable us to decide whether we should give our written approval. After we have received this information, we will make our decision as soon as possible. We will not unreasonably withhold our approval.

If you exercise this privilege, there may be an administration and processing fee. You must pay us these fees immediately. If you do not, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if:

- we give our written approval to you to transfer title to your property;
- the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and
- you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons, and, if we request it, one or more guarantee agreements.

11. Guarantee

Each person who signs the mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the loan amount as and when required by the mortgage; and
- to meet all other obligations of the borrower under the mortgage.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage. This means that each individual guarantor is responsible for meeting all obligations under the mortgage, including payment of the entire loan amount.

We may, at any time or times do any of the following, without notifying any guarantor, and without obtaining the consent of any guarantor:

- extend the time for payment;

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- give a renewal;
- amend any agreement;
- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the mortgage; and
- deal with any other matter affecting the mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

12. Assumption of the mortgage

If you are not the original borrower, you agree to all obligations of the original borrower under the mortgage as if you had signed the original mortgage.

13. Portability

If you have met all your obligations under the mortgage and you have agreed to sell your property and purchase another property within 90 days of the sale of your original property, we may provide financing for the purchase of the new property. The following conditions apply:

- You must apply in writing.
- You will be required to give us a mortgage on your new property.
- The sale of your original property must be in good faith and be an "arm's-length" sale. In most cases, an arm's length sale is one where the buyer and seller are unrelated. That is, they have no personal or business relationship with each other. If the buyer and seller do have a personal or business relationship, the sale must be at a fair market value to be considered "arm's-length."
- On the date you complete the sale of your original property, an amount sufficient to pay the principal amount, interest to the date of the new mortgage and any prepayment charges due under this mortgage will be held by us. We will release these funds when the new mortgage is registered, as long as it is registered within 90 days. If it is not registered within 90 days, we will apply the amount held by us to prepay the mortgage in full, including any prepayment charges and administration fees that may apply.
- You will continue to make regular payments under this mortgage.
- The mortgage must be transferred to the new property without any changes in outstanding balance, interest rate, and terms and conditions described in these Standard Charge Terms.
- Our mortgage approval criteria and requirements for documentation in effect at the time you make your application will apply and must be met, including requirements for CMHC or Genworth mortgage insurance, if applicable. You will be responsible for paying all administration and processing fees, CMHC and Genworth insurance premiums, all legal and appraisal fees, and other expenses incurred in connection with the new mortgage.

14. Expropriation

If your entire property is expropriated, the loan amount will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

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If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, plus any loss of interest.

15. *Family Law Act*

You certify to us that all information that you gave us about your marital status and your property when applying for the loan, and the statements made in the Charge/Mortgage of Land are true and accurate under the *Family Law Act*.

16. If part of the mortgage is not valid

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

17. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the mortgage.

18. *National Housing Act*

All CMHC insured mortgages are made according to the *National Housing Act*.

19. Reference to laws

Any reference to legislation in the mortgage includes amendments and replacements to that legislation in force from time to time.

20. Collecting, using, and disclosing your personal information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about your mortgage;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, maintain and collect upon your mortgage. We will use and disclose your personal information according to CIBC's privacy policies which are outlined in CIBC's brochure, "Your Privacy Is Protected." This privacy policy may be amended, replaced or supplemented from time to time. You can get information on our current privacy policy by contacting any branch of CIBC.

You agree that we may enter into this mortgage on behalf of another entity, as an agent or nominee, and also that we may assign this mortgage to another entity. In these cases, the entity is known as the "beneficial owner." We can do this whether or not the beneficial owner is named in this mortgage. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns the mortgage. We may also disclose your personal information to any service provider. A service provider is any person or entity that:

- is involved in the servicing, maintenance, collection or operation of the mortgage; or
- provides services or benefits to you under the mortgage, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your mortgage application, and ongoing information and documentation about you and your mortgage sufficient for the beneficial owner, agent, assignee and service provider to administer the mortgage and exercise their rights under it.

21. Discharge

After you have paid us the loan amount, we will sign a discharge and send it to you within a reasonable time. Or, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge. We have the right to refuse a discharge or transfer of this mortgage until any charges or returned cheque amounts that arise after the discharge statement is prepared are paid.

For purposes of calculating per diem interest, funds received after 3:00 p.m. on any business day will be considered to be received on the next business day.

You will pay our usual administration and processing fee for preparing, reviewing and signing any such documents and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

DATED at Toronto, this 1st day of August, 2006.

Patricia Knight
Solicitor for CIBC Mortgages Inc.

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Filing Date OCT. 25 2006 Date de Dépôt
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Standard Charge Terms
Land Registration Reform Act

Filed By:	CIBC Mortgages Inc.
Filing Number:	
Filing Date:	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms:

Mortgage means:

- the Charge/Mortgage of Land which is the part of this mortgage that is or will be registered against the title to your property;
- this set of Standard Charge Terms;
- any Schedules that are attached to the Charge/Mortgage of Land; and
- any renewals or amendments.

You and **your** mean each person, corporation, and other entity who has signed the mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity.

We, us, and **our** mean CIBC Mortgages Inc.

CIBC means Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. It includes all buildings and structures on the land now or added later, as well as anything now or later attached to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount is the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Your regular payment means the amount of each payment as described on the Charge/Mortgage of Land.

Loan amount means the amount of money you owe us at any given time under this mortgage. It is the balance you owe on the loan. The loan amount may include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other charges and interest on other charges. Other charges may include the expenses of enforcing our rights as well as paying off any prior charges against your property. These may include such things as:

- costs for preparing and registering this mortgage;
- costs for providing insurance, if we decide to insure your property;
- costs for inspecting your property;
- all of our administrative and legal costs; and
- paying any charges or liens against your property that we have not agreed to in our loan approval document such as taxes owing on your property.

Interest Adjustment Date is the date identified as the interest adjustment date in the mortgage.

CIBC Prime Rate is the annual variable reference rate of interest that CIBC declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

Mortgage Year means the 12-month period following the interest adjustment date and each anniversary of the interest adjustment date.

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2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property to us. In return, we make a loan to you for the principal amount, or any part of the principal amount as is advanced to you from time to time. This means that your interest in your property is security to us for repayment of the loan amount and your performance of all your obligations under the mortgage.

You agree to pay the loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage, including paying all taxes on your property.

Our interest in your property ends when you have repaid the total loan amount, as provided in the mortgage, and you have met all of your obligations under this mortgage.

2.1 Your interest in your property

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this mortgage.

If you are a tenant or a lessee of your property, you charge and sublease your entire interest in your property to us for the entire term of the lease (except the last day), including any renewals. Your interest in your property includes any option or right of first refusal to purchase.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately. If you do not pay them, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

2.2 Who is obligated by this mortgage

The obligations under this mortgage are the collective and individual responsibility of each person, corporation and other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage and paying the entire loan amount, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Our successors and anyone to whom we transfer this mortgage is also obligated by this mortgage.

2.3 Changing or renewing this mortgage (also important to anyone who has a subsequent interest in your property)

We may make written agreements with you to change any part of this mortgage. These agreements could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the mortgage. Even if we do not register these agreements, this mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the mortgage.

Any new agreement we make with any borrower or any other person who is obligated to pay the loan amount will not release or affect the liability of others who are obligated under this mortgage, even if they do not sign or are not advised of the new agreement.

2.4 Building mortgage

If the mortgage is used to finance an improvement, you agree to make the improvement only according to plans and specifications that we have approved. Improvements include any construction or installation on your property or any alteration, addition or repair to any building or structure on your property.

You must complete the improvement as quickly as is reasonably possible and must meet all government requirements and building standards that apply to your property. If we ask you to, you will provide us with proof that you have met all government requirements and building standards that apply to your property. You must pay for all costs associated with providing this proof.

You will be responsible for all costs related to the improvement and will provide us with proof that you have paid all money that is owed in connection with the work.

We may make advances to you based on progress in completing the improvement or upon its completion. In the case of a building, we may also make advances to you based on its occupancy or the sale of the building. You agree to pay us our administration and processing fees in effect at the time for any advances we make that are based on progress. You must pay us these administration and processing fees immediately. If you do not pay them, we may declare that you are in default on the mortgage, or add the fees to the loan amount, or do both.

We may hold back money from any advances until we are satisfied that all obligations under the *Construction Lien Act* are met. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

We may obtain an order removing any construction lien, and, if we think it is necessary, we may provide financial guarantees or other security to obtain such an order. You must immediately pay all of our expenses for this, including any charges for providing financial guarantees. If you do not pay these expenses, we may declare that you are in default on the mortgage, or we may add the amount payable to the loan amount, or we may do both.

2.5 Making material changes

Any agreement, whether verbal or in writing, to make material changes to the mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original Charge/Mortgage of Land, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the mortgage.

2.6 Mortgages with deposits

If required under the terms of your mortgage loan, you will deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the principal amount advanced. You will earn interest on this deposit at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days of the date of funding. If this is not done, you authorize us to apply the deposit on account of the mortgage principal and the monthly payment will be adjusted to reflect the lower principal balance. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

3. Interest

3.1 Interest rate

You will find the interest rate on the Charge/Mortgage of Land or on the Schedule attached to the Charge/Mortgage of Land.

Interest is payable on the loan amount at this rate until the total loan amount has been paid, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.2 Payment frequency

Interest is payable at the frequency shown on the Charge/Mortgage of Land.

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3.3 *If you have a fixed interest rate mortgage*

If you have a fixed interest rate mortgage, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is calculated *half-yearly, not in advance, within the meaning of the Interest Act* (Canada).

3.4 *If you have a variable interest rate mortgage*

(applies ONLY to a Variable Rate Mortgage, Special Variable Rate Mortgage, Variable Rate Closed Mortgage and Variable Rate Open Mortgage)

Because the interest rate on your loan is variable, the interest rate in effect at any particular time is called your current mortgage rate.

If you have a **Variable Rate Closed Mortgage**, a **Variable Rate Open Mortgage**, or a **Special Variable Rate Mortgage**, the interest rate will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The CIBC Prime Rate will vary from time to time. The principal and interest payment will be recalculated every time the CIBC Prime Rate changes, based on the current mortgage rate and the remaining amortization period of the mortgage.

If you have a **Variable Rate Mortgage**, the interest rate will be the CIBC Prime Rate in effect on the first day of each month, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The interest rate will be adjusted on the first day of each month. However, the first interest rate adjustment will not occur until three months from the interest adjustment date.

For all variable rate mortgages, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

The interest rate will change **automatically** every time there is a change in the CIBC Prime Rate. These changes will occur without you being notified.

Within a reasonable time after each change in the CIBC Prime Rate, we may send you a letter telling you the current mortgage rate, and the date it became effective, and if applicable, the new principal and interest payment amount. We will mail this letter to the address we have on file for you. The interest rate will still vary whether or not we have sent you a letter about the change, or whether you have received the letter. However, if we do send you the letter, we may continue to accept or process the same payment amount that we processed before the change in the CIBC Prime Rate until a reasonable time after the letter was sent to you. You can always find the current CIBC Prime Rate at any CIBC branch in Canada.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

If there is a need to prove the CIBC Prime Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

3.5 *Deferred Interest/Negative Amortization*

If your regular principal and interest payment is not sufficient to cover the interest on the mortgage from one regular payment date to the next, the interest outstanding is called deferred interest. Deferred interest is added to the outstanding principal balance on your mortgage. When deferred interest is added to your outstanding principal balance, negative amortization can occur. This means that the amortization period of your mortgage may increase rather than decrease. In addition, when deferred interest is added to the outstanding principal balance of your mortgage, the entire amount becomes principal, and interest is charged on it at the current mortgage rate.

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3.6 *Interest on amounts advanced to you before the interest adjustment date*

If this is a fixed rate mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated using the rate and method in effect for your mortgage on the date we advance you the money. You can find out what this rate is by contacting us or any CIBC branch in Canada.

If this is a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage or a Variable Rate Open Mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated in the manner outlined in the Charge/Mortgage of Land and the rate will be the lower of the following two rates:

- the initial interest rate set seven days before the date of advance; and
- the current mortgage rate in effect on the date of advance.

If this is a building mortgage, interest on progress advances is calculated daily. It is payable monthly up to the interest adjustment date established for the initial term of the mortgage. We may deduct the interest owing on any advance from future advances, without making any adjustment. In cases where more than 30 days have passed between advances, you must pay interest on previous advances as soon as it is invoiced or deducted from your account. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. We will deduct any interest owed on the interest adjustment date established for the initial term of the mortgage from the last substantial advance.

3.7 *Interest on overdue amounts*

If you do not make the regular mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is shown on the Charge/Mortgage of Land and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

3.8 *Interest adjustment when payment frequency changes*

If you are not in default on your loan, you may change your payment date or payment frequency to any of the options available for your type of mortgage at the time you make the change. If you choose to change your payment date or payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your loan, or we may add the interest adjustment and administration or processing fees to the loan amount, or we may do both.

3.9 *Increase and Blend*

[(does NOT apply to Variable Rate Mortgages, Special Variable Rate Mortgages, Variable Rate Closed Mortgages, Variable Rate Open Mortgages, or Auto 6 Plus (Convertible 6) Mortgages)]

As long as you meet our mortgage approval criteria, including those relating to the borrower and mortgage terms, you may:

- increase the principal amount secured; and/or
- extend the term of the mortgage.

If you do either or both of these, the interest rate that will apply will be blended to reflect the existing mortgage rate, the prevailing rates, prepayment charges, and administration and processing fees, if any.

3.10 *U.S.A. resident*

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us.

In these cases, the interest rate on your mortgage is or will be based on our normal lending rates multiplied by 1.1111. This is done to cover our obligations to remit this tax to the U.S.A. tax authorities.

We may change this formula any time during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority in the U.S.A., makes a change to the amount of tax to be paid.

For example, if you are a resident of the U.S.A. when you sign the mortgage, and the normal lending rate is 6.250% a year, your interest rate will be 6.944% a year. This is equal to 6.250% x 1.1111.

Or, if you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% a year, your new interest rate will be 6.944% a year, which is equal to 6.250% x 1.1111.

4. Payments on the loan amount

4.1 Currency and place of payment

You will pay the loan amount to us in Canadian dollars at the address shown on the Charge/Mortgage of Land.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 Regular payments

You must make regular payments to us for the principal and interest. The amount of each payment and the payment dates are shown on the Charge/Mortgage of Land. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the loan amount on the balance due date. You can find the balance due date on the Charge/Mortgage of Land.

4.3 Bank account for payments

You must maintain a bank account that is satisfactory to us with a Canadian financial institution and give us authorization to automatically deduct each payment of principal, interest, taxes and life insurance premiums (if applicable) when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your loan, or add these fees to the loan amount, or do both.

4.4 Payments on amounts advanced to you before the interest adjustment date

We may advance to you part of the principal amount before the interest adjustment date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the interest adjustment date:

- we may ask you to pay the interest on this amount on the interest adjustment date;
- we may deduct the interest from your bank account on the interest adjustment date;
- we may deduct the interest from the remaining amount of the principal that we advance to you; or
- we may deduct the interest from your bank account on the first regular payment date.

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4.5 *The effect of variable interest rates on your payments*

(applies ONLY to Variable Rate Mortgages, Special Variable Rate Mortgages, Variable Rate Closed Mortgages, and Variable Rate Open Mortgages)

If you have a variable rate mortgage, the interest rate on your mortgage will change from time to time. However, your regular principal and interest payment may be fixed for the term of the mortgage, unless you change your regular payment as allowed by this mortgage.

Your regular payments are applied first to interest owing on the outstanding principal amount up to the date of the payment. The rest of the payment, if any, is applied to the principal amount based on the rules outlined in section 4.8 below. If the interest rate increases, a larger portion of your regular payment will be applied to interest and a smaller portion of your regular payment will be applied to the principal amount. The result will be that you may owe more on the balance due date than was originally stated in the Mortgage Disclosure Statement.

If the interest rate increases to the point that your payment amount no longer covers the interest owing on your mortgage, you may be required to increase the amount of your regular payment so that the mortgage will be repaid over the remaining balance of the original amortization period. The rate of interest that will cause this to happen is stated in the Mortgage Disclosure Statement that you signed.

4.6 *Payment on default*

If you do not meet one or more of your obligations under the mortgage, including your obligation to make payments, you must immediately pay to us all outstanding amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest, taxes and life insurance premiums (if applicable) on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the loan amount. We may also use any of our rights stated in section 4.7 below.

4.7 *Demand to repay the total loan amount immediately*

We may require you to repay the total loan amount immediately if:

- you do not make any payment required by the mortgage;
- you do not meet one or more of your obligations under the mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this mortgage, or when you applied for the mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days; or
- your property is abandoned.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this mortgage.

4.8 *How we apply your payments*

We will apply payments we receive from you in the following order:

1. To pay any life insurance premiums on the mortgage.
2. To bring into good standing any accounts related to the mortgage for which we are holding funds for payment to others, including tax accounts.
3. To pay for the cost of optional services made available by us and selected by you.
4. To pay any collection expenses or any applicable administration and processing fees.

5. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the principal amount accumulated up to, but not including, the payment date.

6. To reduce the principal amount.

However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

Here is an example of how payments are normally applied and how you can estimate how much of your regular payment will be applied to principal and how much will be applied to interest. The result you get will only be an estimate. We use a precise formula to calculate these amounts, which has been simplified for the example. As a result, the actual amounts may be higher or lower than the estimates. You can contact us to find out exactly how each of your payments is applied.

Example of how to estimate how much of your payment is applied to principal and how much is applied to interest

Mary and Sebastian have a variable rate mortgage with monthly payment dates. Every month, they pay $557.50. Of this payment, $62.00 is for life insurance premiums and $55.00 is for estimated taxes. At the last payment date, the principal amount they still owed was $87,500.00. Their current mortgage rate for the period is 4.000%, and there are 28 days in the current payment period.

In addition, they owe the following amounts:

Deferred Interest:	$40.00
Collection Expenses:	$45.00

Here is how they can estimate how much of their next payment will be applied to interest and how much will be applied to principal.

Step 1: Total payment	$557.50
Step 2: Subtract life insurance premium	$62.00
Step 3: Subtract estimated taxes	$55.00
Step 4: Subtract collection expenses	$45.00
Step 5: Estimate and subtract interest on the principal amount	

Interest on the principal amount can be estimated using the following formula:

$$\text{Principal Amount} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$87{,}500.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$268.49$$

Step 6: Subtract deferred interest owing	$40.00
Step 7: Estimate and subtract interest on the deferred interest	

Interest on deferred interest can be estimated using the following formula:

$$\text{Deferred Interest} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$40.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$0.12$$

Step 8: Estimated amount left to be used to reduce the principal amount	$86.89

4.9 *Changing the amount of your regular payments*

To qualify for increasing or decreasing your payments, you must meet the following conditions:

- you must have met all your obligations under the mortgage

- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you have a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage, or a Variable Rate Open Mortgage, once each mortgage year you may increase the amount of your regular payment to any amount, without paying a prepayment charge as long as the amortization period is not reduced to less than five years. Once each mortgage year, you may also decrease the amount of your regular payment without paying a prepayment charge as long as the resulting amortization period is not longer than the remaining time left in the original amortization period. These privileges are non-cumulative. This means that you cannot carry forward unused allowable increases or decreases in payments to future mortgage years.

If you have a fixed rate mortgage with a term of 2 years or longer (other than a Basic Mortgage) or an Auto 6 Plus (Convertible 6) Mortgage or Auto 12 Plus (Convertible 12) Mortgage, once each mortgage year, you may increase the amount of your regular payment by up to 25% of the original payment amount, without paying a prepayment charge. However, this amount is limited to 15% if you have an Auto 6 Plus (Convertible 6) mortgage. Once each mortgage year, you may also decrease the amount of your payment, but only if the amortization period for the mortgage which results from that decreased payment amount does not exceed the remaining amount of time left in the original amortization. These privileges are non-cumulative. This means that you cannot carry forward unused allowable increases or decreases in payments to future mortgage years.

If you have a Basic Mortgage, you may not increase or decrease your regular payment amount.

4.10 *Prepaying your open mortgage without paying a prepayment charge*

(applies ONLY if you have a variable rate open mortgage)

If you have a **Variable Rate Open Mortgage**, you may prepay any part of the outstanding loan amount on a regular payment date or the full outstanding loan amount at any time without a prepayment charge. To qualify, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

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4.11 Prepaying your closed mortgage without paying a prepayment charge

If you have a **fixed rate mortgage, with a term of 2 years or longer (other than a Basic Mortgage) a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage, an Auto 6 Plus (Convertible 6) Mortgage, or an Auto 12 Plus (Convertible 12) Mortgage**, each mortgage year, you may prepay up to 20% of the original principal amount without paying a prepayment charge. However, this amount is limited to 10% if you have an Auto 6 Plus (Convertible 6) mortgage. The following conditions apply:

- you may only make a prepayment on a regular payment date;
- the minimum prepayment is $100.00;
- if you do not use any or all of this privilege in a mortgage year, you cannot carry forward any unused portion of the privilege to a future mortgage year;
- this right of prepayment without paying a prepayment charge does not apply if you prepay the entire principal amount of the mortgage, even if you have not used this privilege in the mortgage year when the mortgage is paid off;
- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you have a **Variable Rate Mortgage** or a **Special Variable Rate Mortgage**, you can make a partial prepayment that is more than the 20% allowed or prepay all of the outstanding principal amount in the fourth and fifth year of the term without a prepayment charge. However, any partial prepayment must be made on a regular payment date.

4.12 Prepaying the loan amount with prepayment charges

Prepayment charges will be payable in addition to regular interest at the rate specified in your mortgage and, where applicable, interest in connection with payments we have not processed between the date on which you made your last regular payment and the prepayment date.

Ordering the mortgage payout statement

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

After the end of the fifth year of your mortgage

If the term of your mortgage is greater than five years and you are not a corporation, you may prepay the entire outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay. Interest costs will be calculated at your mortgage interest rate that is in effect on the prepayment date.

Before the end of the fifth year of your mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

Prepaying your Basic Mortgage

On each anniversary date of the interest adjustment date, you may prepay up to 10% of the original principal amount, as long as you pay a prepayment charge equal to three months' interest on the amount prepaid. The prepayment charge will be calculated using your annual interest rate in effect on the date of prepayment, plus any discount you received on your annual interest rate. This privilege is non cumulative. This means that you cannot carry forward any unused allowable prepayments to future anniversary dates of the interest adjustment date.

This mortgage is closed, and other partial prepayments are not permitted. However, you may pay off the full amount of the mortgage at any time after the third anniversary of the interest adjustment date (or any renewal of the interest adjustment date), but only if you pay three month's interest cost on the amount prepaid. We will calculate interest at annual interest rate in effect, plus any discount you received on your annual interest rate, on the date we prepare the mortgage payout statement.

Prepaying your Variable Rate Closed Mortgage

If you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months interest on the amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at CIBC Prime Rate on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be CIBC Prime Rate on the date we generate the mortgage payout statement.

Prepaying your Variable Rate Mortgage or Special Variable Rate Mortgage

If, during the first three years of the term, you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to two months' interest on the amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at CIBC Prime Rate on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to two months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be CIBC Prime Rate on the date we generate the mortgage payout statement.

Prepaying your Auto 6 Plus (Convertible 6) Mortgage or Auto 12 Plus (Convertible 12) Mortgage

You may only make a prepayment more than what is allowed in section 4.11 above if you pay off the full amount of the mortgage at any time, but only upon an arm's length sale of the property with supporting documentation. In this case, you must pay a prepayment charge equal to 1% of the outstanding principal balance of the mortgage on the date of prepayment.

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Prepaying a fixed rate mortgage with a term of two years or longer (other than a Basic Mortgage)

If you want to prepay more than what is allowed in section 4.11 above in a mortgage year, a prepayment charge will apply.

The prepayment charge will be the higher amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount that is subject to a prepayment charge, calculated at your existing annual interest rate on the date of prepayment (plus any discounts you received on your existing annual interest rate); or
- the interest rate differential amount.

If you are making a **partial** prepayment, the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from the prepayment date to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from the prepayment date to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date of prepayment for a closed President's Choice Financial brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
    - the remaining term of your mortgage;
    - the features of your mortgage; and
    - whether you have a conventional or a high-ratio mortgage.

If you are prepaying **all** of the outstanding principal amount, the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from your last scheduled regular payment date which falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from your last scheduled payment date that falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date we prepare the mortgage payout statement for a closed President's Choice Financial brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
    - the remaining term of your mortgage;
    - the features of your mortgage; and
    - whether you have a conventional or a high-ratio mortgage.

4.13 Prepayments if the property has more than four living units or if the property is used for commercial, industrial or non-residential purposes

If your property has more than four living units or is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

4.14 Prepayment charges for U.S.A. residents

If you are a resident of the United States of America (U.S.A.) for tax purposes at the time you prepay your mortgage, any prepayment charges may be considered as "interest" for U.S.A. tax purposes. In these cases, we have the right to increase the prepayment charge by multiplying it by 1.1111 to cover the tax which may be imposed by the U.S.A. tax authorities on your prepayment charges.

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4.15 Date of the mortgage

You agree that for purposes of defining the date of the mortgage for any statutory right of prepayment, renewal and early renewal, the date of the mortgage is the interest adjustment date. This is the case even if the mortgage or renewal agreement or early renewal agreement was signed on a different date.

4.16 Repaying the cash back option

If you have a mortgage that offered a cash back option, you may be required to repay us all or a portion of the cash amount received. You may be required to do this if, for any reason, any of the following occur before the maturity date of the mortgage:

- any of the terms and conditions of the original mortgage are changed;
- the mortgage is refinanced, or you renew the mortgage early;
- the mortgage is assumed;
- you sell your property and buy another property within 90 days and we finance the new mortgage under section 15, "Portability" in these Standard Charge Terms; or
- the mortgage is discharged.
- we sell your property under power of sale or foreclosure.

We will determine the amount and method of calculation for the amount to be repaid based on your mortgage documents.

The repayment of the cash received under a cash back option is separate from any prepayment charges or fees that are applicable to the mortgage.

We may add the repayment amount to the principal amount owing at the time the mortgage is amended, discharged, assumed, refinanced or when you take advantage of early renewal or portability.

5. Early renewal of fixed rate mortgages

(applies ONLY if you have a fixed rate mortgage)

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you cannot renew your mortgage early.

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may renew the mortgage before the balance due date. However, the following conditions apply:

- you must have met all your obligations under the mortgage;
- you must apply to us in writing;
- you must select from the mortgage options that we offer under the President's Choice Financial brand at the time you apply for early renewal;
- you must sign a mortgage amending agreement or an early renewal agreement, in a form acceptable to us, which will contain all of the changed terms and conditions;
- the interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage amending agreement or the early renewal agreement;
- you must pay us any administration and processing fees that apply to early renewal;
- you must pay us any accumulated interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to the early renewal of your mortgage, including the costs of registration of the renewal documents.

You must pay us all amounts related to the early renewal immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

6. Converting your mortgage

(applies ONLY if you have a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage, a Variable Rate Open Mortgage, an Auto 6 Plus (Convertible 6) Mortgage or an Auto 12 Plus (Convertible 12) Mortgage.

If you have met all your obligations under the mortgage, you may convert your mortgage to another President's Choice Financial brand mortgage with an interest rate and terms that we offer to you at the time you convert the mortgage. The following conditions apply:

- if you have a **Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage or a Variable Rate Open Mortgage**, you may convert your mortgage to any type of mortgage then offered by us under the President's Choice Financial brand for National Housing Act insured loans with a fixed rate and with equal monthly payments and a for a term of three years or longer, up to a maximum of five years if your property is rental property or a maximum of ten years if your property is owner-occupied;
- if you have an **Auto 6 Plus (Convertible 6) Mortgage or an Auto 12 Plus (Convertible 12) Mortgage**, you may convert to any type of mortgage then offered by us under the President's Choice Financial brand having a term of more than one year;
- you must apply in writing to our Mortgage Servicing Division;
- you must sign our mortgage conversion or amending agreement, which will contain all changed terms and conditions of the mortgage option you select;
- the new interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage conversion or amending agreement;
- the new payments will begin on the first or second scheduled payment date following conversion as determined by us;
- you must pay us any administration and processing fees that apply to converting the mortgage;
- you must pay us any interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to converting your mortgage, including the costs of registration of the conversion documents.

If, for any reason, a mortgage amending agreement is not signed, your written request to convert your mortgage will be binding on you and we are entitled to rely on it.

You must pay us all amounts related to converting your mortgage immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply. Any prepayment privileges will be contained in the conversion or amending agreement you sign, whether or not you have signed it.

7. Designated amount

(applies ONLY if you have a Variable Rate Mortgage)

The designated amount is equal to 105% of the original principal amount of the mortgage or may be another amount that we have agreed to in writing.

If at any time the outstanding loan amount exceeds the designated amount, we will require you to do one or more of the following:

- increase the amount of your regular payment so the mortgage will be repaid completely over the remaining time in the original amortization period;
- reduce the loan amount owing by making a lump sum payment to reduce the outstanding loan amount below the original principal amount; or
- convert the mortgage to a fixed rate mortgage according to the requirements outlined in section 6, "Converting Your Mortgage".

If you do not do so, we have the right to:

- require you to pay the entire loan amount immediately; or
- increase your regular payment amount so that the mortgage will be repaid completely over the remaining time in the original amortization period.

8. Automatic renewal of the mortgage

8.1 Automatic Renewal for an Auto 6 Plus (Convertible 6) Mortgage or an Auto 12 Plus (Convertible 12) Mortgage

The mortgage will be automatically renewed at the end of the term (6 or 12 months) for a term equal to the original term. The following conditions apply:

- You must have met all of your obligations under the mortgage.
- You must have maintained a satisfactory payment record.
- The interest rate charged during each renewal term will be the lower of our posted rate on the renewal date for this type of mortgage or the guaranteed renewal rate.

We will send you a letter outlining the guaranteed renewal rate 30 days before the end of each term. You may terminate this automatic renewal clause and pay out the mortgage in full at the end of any term by notifying us of your decision to do so at least 15 days before the end of the term.

8.2 Automatic renewal for mortgages with an original term greater than 12 months

You agree to either pay all money owing under the mortgage on the maturity date or to return the signed renewal agreement on or before the maturity date. If you do not, the mortgage will be considered to be renewed as an Auto 6 Plus (Convertible 6) Mortgage with the terms and conditions stated in the renewal agreement.

9. Your obligations related to your property

9.1 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

9.2 If you are a tenant or a lessee of your property

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign the mortgage.
- You have met all of your obligations under your lease up to the date you sign the mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, or registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rents and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.
- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.

- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in the property and in your lease has been fully charged to us and that the loan amount is adequately secured. You will pay all costs and charges related to doing so.
- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.
- You will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for us. You will only deal with your property on the last day in the way that we require. You will have the same rights arising from this paragraph of your mortgage as you already have under the rest of the mortgage and under the law. You agree that we may remove you or any other person as trustee of this trust, and that we may appoint a new trustee.
- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.
- If we enforce our rights under the mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors.
- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under the mortgage, including our right to sell your property under power of sale.

9.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

9.4 Insurance

(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your mortgage, or add the amount to the loan amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the loan amount, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you.

9.5 *Property taxes*

On or before the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay current or future taxes.

After the interest adjustment date, you agree to pay us, on each regular payment date, a tax instalment in an amount based on the estimated annual taxes that will be payable for the year following that regular payment date. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments.

If you want to take advantage of any discount or to avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices. If you do not pay us, we will add these costs to the loan amount.

We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

If you do not meet any one or more of your obligations under the mortgage, we may apply any money that we have received for property taxes to any portion of the loan amount. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay property taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must repay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to the loan amount. If, for any reason, you do not pay the taxes when required, then we will require that you pay the property taxes to us as described above.

9.6 *Repairs*

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may declare that you are in default on your mortgage, or add the costs to the loan amount, or do both.

9.7 *Leasing or renting your property to another person*

If your property is approved by us as owner-occupied residential premises, you certify that no part of your property is rented or occupied by a tenant. You also agree **not** to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease on your property.

If your property is a rental property, we must consent to any rental. You also assign to us all leases, lease agreements and renewals, present and future, and all rents payable under these leases and agreements, and all rights under these leases and agreements as they affect your property. You must obtain our written approval before any future leases of your property are made, and before the renewal of any lease (unless it is a renewal provided for in a lease we have already approved).

If you lease any part of your property to another person in the future, you must do the following, if we ask you to:

- Sign and deliver to us an assignment of all leases, lease agreements, renewals, rents payable under the leases and agreements, and all rights contained in the leases, lease agreements and renewals that affect your property. The assignment must be suitable for registration and acceptable to us. We may also require that the assignment provide for obtaining estoppel certificates from tenants. We may also require that the assignment include specific assignments of leases. An estoppel certificate is a written statement from a tenant certifying, for example, the terms of the lease, or any promises made to them about the lease.
- Give us security on fixtures, equipment and other movable property or chattels as we may reasonably require.

You must pay all of our expenses related to the additional security. These expenses may include legal fees and registration costs.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will also be considered to have done this to adversely affect the value of our interest in the property, as described in the *Mortgages Act*.

If you do not meet one or more of these obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the full loan amount immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property.

Nothing we do under this section will be considered as us taking possession of your property.

9.8 *Hazardous or illegal substances, environmental regulations, and illegal activities*

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If your mortgage is insured by the Canada Mortgage and Housing Corporation (CMHC) or by Genworth Financial Mortgage Insurance Company Canada (Genworth), CMHC or Genworth, or their agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the costs of any testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we, CMHC, or Genworth enforce our rights under this section, we, CMHC or Genworth will not be considered to have taken possession, management or control of your property. This also applies to our agents and agents of CMHC and Genworth.

9.9 Ontario New Home Warranties Plan Act

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

9.10 Possession of your property on default

You certify to us that if you fail to meet any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference.

10. Condominium

(applies ONLY to property that is a condominium unit)

10.1 Compliance with the Condominium Act, 1998

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

10.2 Payment of amounts and common expenses

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

10.3 Notices and demands

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations.

- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

10.4 Voting rights

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

10.5 Acceleration of repayment of the loan amount

At our option, the loan amount will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws or rules and regulations;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements as required by section 10.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

10.6 Insurance

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or

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- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

11. Our rights

11.1 We are under no obligation to make advances to you under the mortgage

We may, for any reason, decide not to advance you all or any part of the principal amount, even if:

- you have signed this mortgage;
- this mortgage has been registered; or
- we have already given you part of the principal amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the mortgage. These costs will include legal fees, charged on a "substantial indemnity" basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the mortgage, or add them to the loan amount, or do both.

11.2 Releasing your property from the mortgage

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the loan amount. Your obligations, and the obligations of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

11.3 Enforcing our rights

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the mortgage, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference.
- **Appoint a receiver.** We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
    - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
    - its own commission as receiver;
    - all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing;

  - interest owing under the mortgage; and
  - all or any part of the loan amount, whether it is due or not.
- **Sue you.** We may take any action that is necessary to collect the loan amount.
- **Lease your property or collect rents.** If you are in default on the mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Power of sale.** If you are in default on the mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale, after paying all costs and expenses, to reduce any part of the loan amount. We will only be responsible for the money remaining after we pay all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Foreclosure or sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
- **Cure any defaults.** We can cure any defaults under the mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

11.4 Delay in enforcing our rights

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the mortgage;
- require payment of the loan amount if you are in default; and
- require any other person, including a guarantor, who has obligations under the mortgage, to meet those obligations.

If you are in default, we may require you, or anyone else who is obligated by this mortgage, including any guarantor, to pay the total loan amount.

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11.5 If we do not enforce our rights on a particular default

In some cases, we may not enforce our rights on a particular default by you, or a guarantor. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

11.6 Court orders and judgments

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage, including our right to receive interest as required by the mortgage.

11.7 Doctrine of consolidation

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

11.8 Administration and processing fees

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of your mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the loan amount. We will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your mortgage, or add these fees to the loan amount, or do both.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available from any CIBC branch in Canada, or by contacting us.

11.9 Certain actions we can take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you are a tenant or a lessee of your property, we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

Any payments we make under the mortgage will be added to the loan amount. We will charge you interest on these payments from the date we pay them at the interest rate specified in your Charge/Mortgage of Land. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

12. What happens if your property is sold or transferred

If you transfer title, or agree to transfer title, to your property to anyone without first obtaining our written approval, we may require you to pay the entire loan amount immediately. Accepting any payment from any person who we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the full loan amount immediately.

You agree to give us sufficient information to enable us to decide whether we should give our written approval. After we have received this information, we will make our decision as soon as possible. We will not unreasonably withhold our approval.

If you exercise this privilege, there may be an administration and processing fee. You must pay us these fees immediately. If you do not, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if:

- we give our written approval to you to transfer title to your property;
- the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and
- you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons, and, if we request it, one or more guarantee agreements.

13. Guarantee

Each person who signs the mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the loan amount as and when required by the mortgage; and
- to meet all other obligations of the borrower under the mortgage.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

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If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage. This means that each individual guarantor is responsible for meeting all obligations under the mortgage, including payment of the entire loan amount.

We may, at any time or times, do any of the following, without notifying any guarantor and without obtaining the consent of any guarantor:

- extend the time for payment;
- give a renewal;
- amend any agreement;
- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the mortgage; and
- deal with any other matter affecting the mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

14. Assumption of the mortgage

If you are not the original borrower, you agree to all obligations of the original borrower under the mortgage as if you had signed the original mortgage.

15. Portability

If you have met all your obligations under the mortgage and you have agreed to sell your property and purchase another property within 90 days of the sale of your original property, we may provide financing for the purchase of the new property. The following conditions apply:

- You must apply in writing.
- You will be required to give us a mortgage on your new property.
- The sale of your original property must be in good faith and be an "arms-length" sale. In most cases, an arm's length sale is one where the buyer and seller are unrelated. That is, they have no personal or business relationship with each other. If the buyer and seller do have a personal or business relationship, the sale must be at a fair market value to be considered "arms-length."
- On the date you complete the sale of your original property, an amount sufficient to pay the principal amount, interest to the date of the new mortgage and any prepayment charges due under this mortgage will be held by us. We will release these funds when the new mortgage is registered, as long as it is registered within 90 days. If it is not registered within 90 days, we will apply the amount held by us to prepay the mortgage in full, including any prepayment charges and administration fees that may apply.
- You will continue to make regular payments under this mortgage.
- The term of the new mortgage must be equal to the remaining term of the original mortgage.
- If the principal amount of the new mortgage is the **same as** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage.

- If the principal amount of the new mortgage is **less than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage. In this case, we will **not** refund to you any prepayment charge you paid on the amount of the outstanding principal amount of the original mortgage that is greater than the principal amount of the new mortgage.
- If the principal amount of the new mortgage is **greater than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate for the new mortgage will be:

Original Mortgage Type	Interest Rate
Variable rate mortgage	The variable interest rate for this mortgage.
Fixed rate mortgage (with a remaining term of 24 months or less)	A rate that blends: • the interest rate for this mortgage, and • the rate of interest we offer on the date the new mortgage is advanced for a fixed rate closed President's Choice Financial brand mortgage product similar to yours having a 24-month term.
Fixed rate mortgage (with a remaining term of more than 24 months)	A rate that blends: • the interest rate for this mortgage, and • the rate of interest we offer on the date the new mortgage is advanced for a fixed rate closed President's Choice Financial brand mortgage product similar to yours having a term similar to the remaining term of this mortgage.

- Our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage must be met. This includes the mortgage insurance requirements of the Canada Mortgage and Housing Corporation (CMHC) or Genworth Financial Mortgage Insurance Company Canada (Genworth), if applicable.
- You will be responsible for paying all applicable processing or administration fees, all legal and appraisal fees and other expenses incurred in connection with the new mortgage.

16. Expropriation

If your entire property is expropriated, the loan amount will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, plus any loss of interest.

17. *Family Law* Act

You certify to us that all information that you gave us about your marital status and your property when applying for the loan, and the statements made in the Charge/Mortgage of Land are true and accurate under the *Family Law Act*.

18. If part of the mortgage is not valid

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

19. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the mortgage.

20. *National Housing* Act

All CMHC insured mortgages are made according to the *National Housing Act*.

21. Reference to laws

Any reference to legislation in the mortgage includes amendments and replacements to that legislation in force from time to time.

22. Collecting, using, and disclosing your personal information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about your mortgage;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, maintain and collect upon your mortgage. We will use and disclose your personal information according to CIBC's privacy policies which are outlined in CIBC's brochure, "Your Privacy Is Protected." This privacy policy may be amended, replaced or supplemented from time to time. You can get information on our current privacy policy by contacting any branch of CIBC.

You agree that we may enter into this mortgage on behalf of another entity, as an agent or nominee, and also that we may assign this mortgage to another entity. In these cases, the entity is known as the "beneficial owner." We can do this whether or not the beneficial owner is named in this mortgage. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns the mortgage. We may also disclose your personal information to any service provider. A service provider is any person or entity that:

- is involved in the servicing, maintenance, collection or operation of the mortgage; or
- provides services or benefits to you under the mortgage, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your mortgage application, and ongoing information and documentation about you and your mortgage sufficient for the beneficial owner, agent, assignee and service provider to administer the mortgage and exercise their rights under it.

23. Discharge

After you have paid us the loan amount, we will sign a discharge and send it to you within a reasonable time. Or, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge.

For purposes of calculating per diem interest, funds received after 3.00 p.m. on any business day will be considered to have been received on the next business day.

You will pay our usual administration and processing fee for preparing, reviewing and signing of any such documents and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

DATED at Toronto, this 1st day of August, 2006.

Patricia Knight
Solicitor for CIBC Mortgages Inc.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200637 Coto

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200638 Cote
Filing Date OCT. 25 2006 Date de Dépôt
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DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

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MORTGAGES

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Ontario
Page 1 of 30

Standard Charge Terms

Land Registration Reform Act

Filed By:	CIBC Mortgages Inc.
Filing Number:	
Filing Date:	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms.

Mortgage means:

- the Charge/Mortgage of Land which is the part of this mortgage that is or will be registered against the title to your property;
- this set of Standard Charge Terms;
- any Schedules that are attached to the Charge/Mortgage of Land; and
- any renewals or amendments.

You and **your** mean each person, corporation, and other entity who has signed the mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity.

We, us, and **our** mean CIBC Mortgages Inc. trading as FirstLine Mortgages.

CIBC means Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. It includes all buildings and structures on the land now or added later, as well as anything attached now or later to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount is the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Your regular payment means the amount of each payment as described on the Charge/Mortgage of Land.

Loan amount means the amount of money you owe us at any given time under this mortgage. It is the balance you owe on the loan. The loan amount may include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other charges and interest on other charges. Other charges may include the expenses of enforcing our rights as well as paying off any prior charges against your property. These may include such things as:

- costs for preparing and registering this mortgage;
- costs for providing insurance, if we decide to insure your property;
- costs for inspecting your property;
- all of our administrative and legal costs; and
- paying any charges or liens against your property that we have not agreed to in our loan approval document such as taxes owing on your property.

Interest Adjustment Date is the date identified as the interest adjustment date in the mortgage. The interest adjustment date is one payment period before the first regular payment date.

CIBC Prime Rate is the annual variable reference rate of interest that CIBC declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

Mortgage Year means the 12-month period following the interest adjustment date and each anniversary of the interest adjustment date.

2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property to us. In return, we make a loan to you for the principal amount, or any part of the principal amount as is advanced to you from time to time. This means that your interest in your property is security to us for repayment of the loan amount and your performance of all your obligations under the mortgage.

You agree to pay the loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage, including paying all taxes on your property.

Our interest in your property ends when you have repaid the total loan amount, as provided in the mortgage, and you have met all of your obligations under this mortgage.

2.1 Your interest in your property

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this mortgage.

If you are a tenant or a lessee of your property, you charge and sublease your entire interest in your property to us for the entire term of the lease (except the last day), including any renewals. Your interest in your property includes any option or right of first refusal to purchase.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately. If you do not pay them, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

2.2 Who is obligated by this mortgage

The obligations under this mortgage are the collective and individual responsibility of each person, corporation or other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage and paying the entire loan amount, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Our successors and anyone to whom we transfer this mortgage is also obligated by this mortgage.

2.3 Changing or renewing this mortgage (also important to anyone who has a subsequent interest in your property)

We may make written agreements with you to change any part of this mortgage. These agreements could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the mortgage. Even if we do not register these agreements, this mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the mortgage.

Any new agreement we make with any borrower or any other person who is obligated to pay the loan amount will not release or affect the liability of others who are obligated under this mortgage, even if they do not sign or are not advised of the new agreement.

2.4 *Construction mortgage*

If the mortgage is used to finance an improvement, you agree to make the improvement only according to plans and specifications that we have approved. Improvements include any construction or installation on your property or any alteration, addition or repair to any building or structure on your property.

You must complete the improvement as quickly as is reasonably possible and must meet all government requirements and building standards that apply to your property. If we ask you to, you will provide us with proof that you have met all government requirements and building standards that apply to your property. You must pay for all costs associated with providing this proof.

You will be responsible for all costs related to the improvement and will provide us with proof that you have paid all money that is owed in connection with the work.

We may make advances to you based on progress in completing the improvement or upon its completion. In the case of a building, we may also make advances to you based on its occupancy or the sale of the building. You agree to pay us our administration and processing fees in effect at the time for any advances we make that are based on progress. You must pay us these administration and processing fees immediately. If you do not pay them, we may declare that you are in default on the mortgage, or add the fees to the loan amount, or do both.

We may hold back money from any advances until we are satisfied that all obligations under the Construction Lien Act are met. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

We may obtain an order removing any construction lien, and, if we think it is necessary, we may provide financial guarantees or other security to obtain such an order. You must immediately pay all of our expenses for this, including any charges for providing financial guarantees. If you do not pay these expenses, we may declare that you are in default on the mortgage, or we may add the amount payable to the loan amount, or we may do both.

2.5 *Making material changes*

Any agreement, whether verbal or in writing, to make material changes to the mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original Charge/Mortgage of Land, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the mortgage.

2.6 *Mortgages with deposits*

If required under the terms of your mortgage loan, you will deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the principal amount advanced. You will earn interest on this deposit at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days of the date of funding. If this is not done, you authorize us to apply the deposit on account of the mortgage principal and the monthly payment will be adjusted to reflect the lower principal balance. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

3. Interest

3.1 *Interest rate*

You will find the interest rate on the Charge/Mortgage of Land or on the Schedule attached to the Charge/Mortgage of Land.

Interest is payable on the loan amount at this rate until the total loan amount has been paid, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.2 *Payment frequency*

Interest is payable at the frequency shown on the Charge/Mortgage of Land.

3.3 *If you have a fixed interest rate mortgage*

If you have a fixed interest rate mortgage, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

3.4 *If you have a variable interest rate mortgage*

(applies ONLY to a adjustable rate mortgages)

Because the interest rate on your loan is variable, the interest rate in effect at any particular time is called your current mortgage rate.

If you have an **Adjustable Rate Mortgage, Prime Minus**, the interest rate will be the CIBC Prime Rate in effect on the first day of each month, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The interest rate will be adjusted on the first day of each month. However, the first interest adjustment will not occur until three months from the interest adjustment date.

If you have an **Adjustable Rate Mortgage (other than an Adjustable Rate Mortgage, Prime Minus)**, the interest rate will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The CIBC Prime Rate will vary from time to time. The principal and interest payment will be recalculated every time the CIBC Prime Rate changes, based on the current mortgage rate and the remaining amortization period of the mortgage.

For all variable rate mortgages, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

The interest rate will change **automatically** every time there is a change in the CIBC Prime Rate. These changes will occur without you being notified.

Within a reasonable time after each change in the CIBC Prime Rate, we may send you a letter telling you the current mortgage rate, and the date it became effective, and if applicable, the new principal and interest payment amount. We will mail this letter to the address we have on file for you. The interest rate will still vary whether or not we have sent you a letter about the change, or whether you have received the letter. However, if we do send you the letter, we may continue to accept or process the same payment amount that we processed before the change in the CIBC Prime Rate until a reasonable time after the letter was sent to you. You can always find the current CIBC Prime Rate on our website (www.firstline.com) or by contacting us.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

If there is a need to prove the CIBC Prime Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

3.5 *Deferred Interest /Negative Amortization*

If your regular principal and interest payment is not sufficient to cover the interest on the mortgage from one regular payment date to the next, the interest outstanding is called deferred interest. Deferred interest is added to the outstanding principal balance on your mortgage. When deferred interest is added to your outstanding principal balance, negative amortization can occur. This means that the amortization period of your mortgage may increase rather than decrease. In addition, when deferred interest is added to the outstanding principal balance of your mortgage, the entire amount becomes principal and interest is charged on it at the current mortgage rate.

3.6 *Interest on amounts advanced to you before the interest adjustment date*

If this mortgage is not a construction mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated in the manner outlined in the Charge/Mortgage of Land and the rate will be the lower of the following two rates:

- the initial interest rate set seven days before the date of advance; and
- the current mortgage rate in effect on the date of advance.

If this is a construction mortgage, interest on progress advances is calculated daily. It is payable monthly up to the interest adjustment date established for the initial term of the mortgage. We may deduct the interest owing on any advance from future advances, without making any adjustment. In cases where more than 30 days have passed between advances, you must pay interest on previous advances as soon as it is invoiced or deducted from your account. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. We will deduct any interest owed on the interest adjustment date established for the initial term of the mortgage from the last substantial advance.

3.7 *Interest on overdue amounts*

If you do not make the regular mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is shown on the Charge/Mortgage of Land and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

3.8 *Interest adjustment when payment frequency changes*

(does NOT apply to Adjustable Rate Mortgage, Prime Minus)

If you are not in default on your loan, you may change your payment frequency to any of the options available for your type of mortgage at the time you make the change. If you choose to change your payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your loan, or we may add the interest adjustment and administration or processing fees to the loan amount, or we may do both.

3.9 *Increase and Blend*

[does NOT apply to Adjustable Rate Mortgages, Plus or Auto 6 Plus (6 Month Convertible Mortgages]

As long as you meet our mortgage approval criteria, including those relating to the borrower and mortgage terms, you may:

- increase the principal amount secured; and/or
- extend the term of the mortgage.

If you do either or both of these, the interest rate that will apply will be blended to reflect the existing mortgage rate, the prevailing rates, prepayment charges, and administration and processing fees, if any.

3.10 *U.S.A. resident*

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us.

In these cases, the interest rate on your mortgage is or will be based on our normal lending rates multiplied by 1.1111. This is done to cover our obligations to remit this tax to the U.S.A. tax authorities.

We may change this formula any time during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority in the U.S.A., makes a change to the amount of tax to be paid.

For example, if you are a resident of the U.S.A. when you sign the mortgage, and the normal lending rate is 6.250% a year, your interest rate will be 6.944% a year. This is equal to 6.250% x 1.1111.

Or, if you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% a year, your new interest rate will be 6.944% a year, which is equal to 6.250% x 1.1111.

4. Payments on the loan amount

4.1 Currency and place of payment

You will pay the loan amount to us in Canadian dollars at the address shown on the Charge/Mortgage of Land.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 Regular payments

You must make regular payments to us for the principal and interest. The amount of each payment and the payment dates are shown on the Charge/Mortgage of Land. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the loan amount on the balance due date. You can find the balance due date on the Charge/Mortgage of Land.

4.3 Bank account for payments

You must maintain a bank account that is satisfactory to us with a Canadian financial institution and give us authorization to automatically deduct each payment of principal, interest, taxes, life insurance premiums (if applicable) and any other optional services you have selected when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your loan, or add these fees to the loan amount, or do both.

4.4 Payments on amounts advanced to you before the interest adjustment date

We may advance to you part of the principal amount before the interest adjustment date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the interest adjustment date:

- we may ask you to pay the interest on this amount on the interest adjustment date;
- we may deduct the interest from your bank account on the interest adjustment date;
- we may deduct the interest from the remaining amount of the principal that we advance to you; or
- we may deduct the interest from your bank account on the first regular payment date.

4.5 The effect of variable interest rates on your payments

(applies ONLY to Adjustable Rate Mortgages, Prime Minus)

If you have a variable rate mortgage, the interest rate on your mortgage will change from time to time. However, your regular principal and interest payment may be fixed for the term of the mortgage, unless you change your regular payment as allowed by this mortgage.

Your regular payments are applied to the principal amount based on the rules outlined in section 4.8 below. If the interest rate increases, a larger portion of your regular payment will be applied to interest and a smaller portion of your regular payment will be applied to the principal amount. The result will be that you may owe more on the balance due date than was originally stated in the Mortgage Disclosure Statement.

If the interest rate increases to the point that your payment amount no longer covers the interest owing on your mortgage, you may be required to increase the amount of your regular payment so that the mortgage will be repaid over the remaining balance of the original amortization period. The rate of interest that will cause this to happen is stated in the Mortgage Disclosure Statement.

4.6 *Payment on default*

If you do not meet one or more of your obligations under the mortgage, including your obligation to make payments, you must immediately pay to us all outstanding amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest, taxes, life insurance premiums (if applicable) and any other optional services you have selected on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the loan amount. We may also use any of our rights stated in section 4.7 below.

4.7 *Demand to repay the total loan amount immediately*

We may require you to repay the total loan amount immediately if:

- you do not make any payment required by the mortgage;
- you do not meet one or more of your obligations under the mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this mortgage, or when you applied for the mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days; or
- your property is abandoned.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this mortgage.

4.8 *How we apply your payments*

We will apply payments we receive from you in the following order:

1. To pay any life insurance premiums on the mortgage, if any.
2. To bring into good standing any accounts related to the mortgage for which we are holding funds for payment to others, including tax accounts.
3. To pay for the cost of optional services made available by us and selected by you.
4. To pay any collection expenses or any applicable administration and processing fees.
5. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the principal amount accumulated up to, but not including, the payment date.
6. To reduce the principal amount.

However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

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Here is an example of how payments are normally applied and how you can estimate how much of your regular payment will be applied to principal and how much will be applied to interest. The result you get will only be an estimate. We use a precise formula to calculate these amounts, which has been simplified for the example. The actual amounts may be higher or lower than the estimates. You can contact us to find out exactly how each of your payments is applied.

Example of how to estimate how much of your payment is applied to principal and how much is applied to interest

Mary and Sebastian have an ***Adjustable Rate Mortgage*** with monthly payment dates. Every month, they pay $557.50. Of this payment, $62.00 is for life insurance premiums and $55.00 is for estimated taxes. At the last payment date, the principal amount they still owed was $87,500.00. Their current mortgage rate for the period is 4.000%, and there are 28 days in the current payment period.

In addition, they owe the following amounts:

Deferred Interest:	$40.00
Collection Expenses:	$45.00

Here is how they can estimate how much of their next payment will be applied to interest and how much will be applied to principal.

Step 1: Total payment	$557.50
Step 2: Subtract life insurance premium	$62.00
Step 3: Subtract estimated taxes	$55.00
Step 4: Subtract collection expenses	$45.00
Step 5: Estimate and subtract interest on the principal amount	

Interest on the principal amount can be estimated using the following formula:

$$\text{Principal Amount} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$87{,}500.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$268.49$$

Step 6: Subtract deferred interest owing	$40.00
Step 7: Estimate and subtract interest on the deferred interest	

Interest on deferred interest can be estimated using the following formula:

$$\text{Deferred Interest} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$40.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$0.12$$

Step 8: Estimated amount left to be used to reduce the principal amount	$86.89

4.9 *Changing the amount of your regular payments*

Each Mortgage Year, you have the privilege of increasing the amount of your regular payment. The increase allowed depends on the type of mortgage you have. These privileges are non-cumulative. This means that you cannot carry forward unused allowable increases or decreases in payments to future mortgage years.

If you have an adjustable rate mortgage, once each Mortgage Year you may increase the amount of your regular payment to any amount, without paying a prepayment charge, as long as the resulting amortization period is not less than five years. Once each Mortgage Year, you may also decrease the amount of your regular payment as long as the resulting amortization period is not longer than the remaining time left in the original amortization period.

For other types of mortgages, use the chart on the next page to see how much you can increase your payments in each Mortgage Year.

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Type of Mortgage	Maximum increase in regular payments allowed once each mortgage year without a prepayment charge
• Auto 6 Plus (6 Month Convertible) Mortgage • Basic Mortgage • Access Fixed Rate Mortgage	Up to 15% of the original regular payment amount
• Auto 12 Plus (12 Month Convertible) Mortgage • Fixed Rate Mortgage with a term of 2 years or longer (other than a Basic Mortgage or an Access Fixed Rate Mortgage)	Up to 25% of the original regular payment amount

For the types of mortgages listed in the chart above, once each Mortgage Year you may also decrease the amount of your payment, but only if the amortization period for the mortgage which results from that decreased payment amount does not exceed the remaining amount of time left in the original amortization.

To qualify for increasing or decreasing your payments, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.10 Prepaying your open mortgage without paying a prepayment charge

(applies ONLY if you have an Adjustable Rate Open Mortgage)

If you have an ***Adjustable Rate Open Mortgage***, you may prepay any part of the outstanding loan amount on a regular payment date or the full outstanding loan amount at any time without a prepayment charge. To qualify, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

4.11 *Prepaying your closed mortgage without paying a prepayment charge*

Each Mortgage Year, you may prepay up to a certain percentage of the original principal amount without paying a prepayment charge. The allowable percentage depends on the type of mortgage you have. Use the chart below to find out how much you can prepay in a Mortgage Year without a prepayment charge.

Type of Mortgage	**Amount of prepayment allowed once each mortgage year without a prepayment charge**
• Auto 6 Plus (6 Month Convertible) Mortgage	Up to 10% of the original principal amount
• Adjustable Rate Mortgage • Auto 12 Plus (12 Month Convertible) Mortgage • Fixed Rate Mortgage with a term of 2 years or longer (other than a Basic Mortgage)	Up to 20% of the original principal amount
• Basic Mortgage • Access Fixed Rate Mortgage	Up to 15% of the original principal amount

The following conditions apply:

- you may only make a prepayment on a regular payment date;
- the minimum prepayment is $100.00;
- if you do not use any or all of this privilege in a Mortgage Year, you cannot carry forward any unused portion of the privilege to a future mortgage year;
- this right of prepayment without paying a prepayment charge does not apply if you prepay the entire principal amount of the mortgage, even if you have not used this privilege in the mortgage year when the mortgage is paid off;
- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.12 *Prepaying the loan amount with prepayment charges*

Prepayment charges will be payable in addition to regular interest at the rate specified in your mortgage and, where applicable, interest in connection with payments we have not processed between the date on which you made your last regular payment and the prepayment date.

Ordering the mortgage payout statement

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

After the end of the fifth year of your mortgage

If the term of your mortgage is greater than five years and you are not a corporation, you may prepay the entire outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay. Interest costs will be calculated at your mortgage interest rate that is in effect on the prepayment date.

Before the end of the fifth year of your mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

Prepaying your *Adjustable Rate Mortgage, Prime Minus*

If, during the first three years of the term, you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to two months' interest on the amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at the CIBC Prime Rate in effect on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to two months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be the CIBC Prime Rate in effect on the date we prepare the mortgage payout statement.

If you have an Adjustable Rate Mortgage, Prime Minus, you can make a partial prepayment that is more than the 20% allowed or prepay all of the outstanding principal amount in the fourth and fifth year of the term without a prepayment charge. However, any partial prepayment must be made on a regular payment date.

Prepaying your *Adjustable Rate Mortgage other than an Adjustable Rate Mortgage, Prime Minus*

If you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months' interest on the amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at the CIBC Prime Rate in effect on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be the CIBC Prime Rate in effect on the date we prepare the mortgage payout statement.

Prepaying your *Auto 6 Plus (6 Month Convertible) Mortgage or Auto 12 Plus (12 Month Convertible) Mortgage*

You may only make a prepayment more than what is allowed in section 4.11 above if you pay off the full amount of the mortgage, but only upon an arm's length sale of the property with supporting documentation. In this case, you must pay a prepayment charge equal to 1% of the outstanding principal balance of the mortgage on the date of prepayment.

Prepaying a *fixed rate mortgage* other than an *Auto 6 Plus (6 Month Convertible) Mortgage or Auto 12 Plus (12 Month Convertible) Mortgage*

If you want to prepay more than what is allowed in section 4.11 above in a mortgage year, a prepayment charge will apply. This prepayment charge will be payable in addition to regular interest at the rate specified in your mortgage. The prepayment

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charge will be the higher amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount that is subject to a prepayment charge, calculated at your existing annual interest rate on the date of prepayment (plus any discounts you received on your existing annual interest rate); or
- the interest rate differential amount.

If you are making a **partial** prepayment, the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from the prepayment date to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from the prepayment date to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date of prepayment for a closed FirstLine brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
    - the remaining term of your mortgage;
    - the features of your mortgage; and
    - whether you have a conventional or a high-ratio mortgage.

If you are prepaying **all** of the outstanding principal amount, the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from your last scheduled regular payment date which falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from your last scheduled payment date that falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date we prepare the mortgage payout statement for a closed FirstLine brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
    - the remaining term of your mortgage;
    - the features of your mortgage; and
    - whether you have a conventional or a high-ratio mortgage.

4.13 Prepayments if the property has more than four living units or if the property is used for commercial, industrial or non-residential purposes

If your property has more than four living units or is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

4.14 Prepayment charges for U.S.A. residents

If you are a resident of the United States of America (U.S.A.) for tax purposes at the time you prepay your mortgage, any prepayment charges may be considered as "interest" for U.S.A. tax purposes. In these cases, we have the right to increase the prepayment charge by multiplying it by 1.1111 to cover the tax which may be imposed by the U.S.A. tax authorities on your prepayment charges.

4.15 Date of the mortgage

You agree that for purposes of defining the date of the mortgage for any statutory right of prepayment, renewal or early renewal, the date of the mortgage is the interest adjustment date. This is the case even if the mortgage or renewal agreement or early renewal agreement was signed on a different date.

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4.16 Repaying the cash back option

If you have a mortgage that offered a cash back option, you may be required to repay us all or a portion of the cash amount received. You may be required to do this if, for any reason, any of the following occur before the maturity date of the mortgage:

- any of the terms and conditions of the original mortgage are changed;
- the mortgage is refinanced, or you renew the mortgage early;
- the mortgage is assumed;
- you sell your property and buy another property within 90 days and we finance the new mortgage under section 15, "Portability" in these Standard Charge Terms;
- we sell your property under power of sale; or
- the mortgage is discharged.

We will determine the amount and method of calculation for the amount to be repaid based on your mortgage documents.

The repayment of the cash received under a cash back option is separate from any prepayment charges or fees that are applicable to the mortgage.

We may add the repayment amount to the principal amount owing at the time the mortgage is amended, discharged, refinanced or when you take advantage of early renewal.

5. Early renewal of fixed rate mortgages

(applies ONLY if you have a fixed rate mortgage)

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you cannot renew your mortgage early.

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may renew the mortgage before the balance due date. However, the following conditions apply:

- you must have met all your obligations under the mortgage;
- you must select from the mortgage options that we offer under the FirstLine brand at the time you apply for early renewal;
- you must sign a mortgage amending agreement or an early renewal agreement, in a form acceptable to us, which will contain all of the changed terms and conditions;
- the interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage amending agreement or the early renewal agreement;
- you must pay us any administration and processing fees that apply to early renewal;
- you must pay us applicable prepayment charges;
- you must pay us any accumulated interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to the early renewal of your mortgage, including the costs of registration of the renewal documents.

You must pay us all amounts related to the early renewal immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

6. Converting your mortgage

[applies ONLY if you have an Adjustable Rate Mortgage, an Auto 6 Plus (6 Month Convertible) Mortgage or an Auto 12 Plus (12 Month Convertible) Mortgage]

If you have met all your obligations under the mortgage, you may convert your mortgage to another FirstLine brand mortgage with an interest rate and terms that we offer to you at the time you convert the mortgage. The following conditions apply:

- if you have an ***Adjustable Rate Mortgage, Plus*** you may convert your mortgage to an Access fixed rate mortgage with a term of three years or longer;

- if you have ***an Adjustable Rate Mortgage (other than an Adjustable Rate Mortgage, Plus)***, you may convert your mortgage to any type of mortgage offered by us at the time under the FirstLine brand for National Housing Act insured loans with a fixed interest rate and with equal monthly payments and for a term of three years or longer;
- if you have an **Auto 6 Plus (6 Month Convertible) Mortgage or Auto 12 Plus (12 Month Convertible) Mortgage**, you may convert to any type of mortgage then offered by us under the FirstLine brand having a term of more than one year;
- you must apply in writing to our Mortgage Servicing Division;
- you must sign our mortgage conversion or amending agreement, which will contain all changed terms and conditions of the mortgage option you select;
- the new interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage conversion or amending agreement;
- the new payments will begin on the first or second scheduled payment date following conversion, determined by us; and
- you must pay us any interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest.

If, for any reason, a mortgage amending agreement is not signed, your written request to convert your mortgage will be binding on you and we are entitled to rely on it.

You must pay us all amounts related to converting your mortgage immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply. Any prepayment privileges will be contained in the conversion or amending agreement, whether or not you have signed it.

7. Designated amount

(applies ONLY if you have an Adjustable Rate Mortgage, Prime Minus)

The designated amount is equal to 105% of the original principal amount of the mortgage or may be another amount that we have agreed to in writing.

If at any time the outstanding loan amount exceeds the designated amount, we will require you to do one or more of the following:

- increase the amount of your regular payment so the mortgage will be repaid completely over the remaining time in the original amortization period;
- reduce the loan amount owing by making a lump sum payment to reduce the outstanding loan amount below the original principal amount; or
- convert the mortgage to a fixed rate mortgage according to the requirements outlined in section 6, "Converting Your Mortgage."

If you do not do so, we have the right to:

- require you to pay the entire loan amount immediately; or
- increase your regular payment amount so that the mortgage will be repaid completely over the remaining time in the original amortization period.

8. Automatic renewal of the mortgage

8.1 Automatic Renewal for Auto 6 Plus (6 Month Convertible) Mortgages and Auto 12 Plus (12 Month Convertible) Mortgages

The mortgage will be automatically renewed at the end of the term (6 or 12 months) for a term equal to the original term. The following conditions apply:

- You must have met all of your obligations under the mortgage.
- You must have maintained a satisfactory payment record.
- The interest rate charged during each renewal term will be the lower of our posted rate on the renewal date for this type of mortgage or the guaranteed renewal rate.

We will send you a letter outlining the guaranteed renewal rate 30 days before the end of each term. You may terminate this automatic renewal clause and pay out the mortgage in full at the end of any term by notifying us of your decision to do so at least 15 days before the end of the term.

8.2 *Automatic renewal for mortgages with an original term greater than 12 months*

(does NOT apply to Adjustable Rate Mortgage, Plus or Access Fixed Rate Mortgage)

You agree to either pay all money owing under the mortgage on the maturity date or to return any renewal agreement on or before the maturity date. If you do not, the mortgage will be considered to be renewed as an Auto 6 Plus (6 month Convertible) Mortgage with the terms and conditions stated in the renewal agreement.

9. Your obligations related to your property

9.1 *Protecting your title and our interest*

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

9.2 *If you are a tenant or a lessee of your property*

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign the mortgage.
- You have met all of your obligations under your lease up to the date you sign the mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rents and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.
- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.
- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in the property and in your lease has been fully charged to us and that the loan amount is adequately secured. You will pay all costs and charges related to doing so.
- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.

- You will hold for the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for us. You will only deal with your property on the last day in the way that we require. You will have the same rights arising from this paragraph of your mortgage as you already have under the rest of the mortgage and under the law. You agree that we may remove you or any other person as trustee of this trust, and that we may appoint a new trustee.
- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.
- If we enforce our rights under the mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors.
- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under the mortgage, including our right to sell your property under power of sale.

9.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately all of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

9.4 Insurance

(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;

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- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your mortgage, or add the amount to the loan amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the loan amount, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you.

9.5 *Property taxes*

On or before the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay current or future taxes.

After the interest adjustment date, you agree to pay us, on each regular payment date, a tax instalment in an amount based on the estimated annual taxes that will be payable for the year following that regular payment date. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments.

If you want to take advantage of any discount or to avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices. If you do not pay us, we will add these costs to the loan amount.

We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

If you do not meet any one or more of your obligations under the mortgage, we may apply any money that we have received for property taxes to any portion of the loan amount. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay property taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must repay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to the loan amount. If, for any reason, you do not pay the taxes when required, then we will require that you pay the property taxes to us as described above.

9.6 Repairs

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may declare that you are in default on your mortgage, or add the costs to the loan amount, or do both.

9.7 Leasing or renting your property to another person

If your property is approved by us as owner-occupied residential premises, you certify that no part of your property is rented or occupied by a tenant. You also agree **not** to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease on your property.

If your property is a rental property, we must consent to any rental. You also assign to us all leases, lease agreements and renewals, present and future, and all rents payable under these leases and agreements, and all rights under these leases and agreements as they affect your property. You must obtain our written approval before any future leases of your property are made, and before the renewal of any lease (unless it is a renewal provided for in a lease we have already approved).

If you lease any part of your property to another person in the future, you must do the following, if we ask you to:

- Sign and deliver to us an assignment of all leases, lease agreements, renewals, rents payable under the leases and agreements, and all rights contained in the leases, lease agreements and renewals that affect your property. The assignment must be suitable for registration and acceptable to us. We may also require that the assignment provide for obtaining estoppel certificates from tenants. We may also require that the assignment include specific assignments of leases. An estoppel certificate is a written statement from a tenant certifying, for example, the terms of the lease, or any promises made to them about the lease.
- Give us security on fixtures, equipment and other movable property or chattels as we may reasonably require.

You must pay all of our expenses related to the additional security. These expenses may include legal fees and registration costs.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will also be considered to have done this to adversely affect the value of our interest in the property, as described in the *Mortgages Act*.

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If you do not meet one or more of these obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the full loan amount immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property.

Nothing we do under this section will be considered as us taking possession of your property.

9.8 *Hazardous or illegal substances, environmental regulations, and illegal activities*

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If your mortgage is insured by the Canada Mortgage and Housing Corporation (CMHC) or by Genworth Financial Mortgage Insurance Company Canada (Genworth), CMHC or Genworth or their agents may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the costs of any testing, assessment, investigation or studies, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we, CMHC, or Genworth enforce our rights under this section, we, CMHC or Genworth will not be considered to have taken possession, management or control of your property. This also applies to our agents and agents of CMHC and Genworth.

9.9 *Ontario New Home Warranties Plan Act*

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

9.10 *Possession of your property on default*

You certify to us that if you fail to meet any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference.

10. Condominium

(applies ONLY to property that is a condominium unit)

10.1 *Compliance with the Condominium Act, 1998*

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

10.2 *Payment of amounts and common expenses*

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

10.3 *Notices and demands*

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

10.4 Voting rights

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

10.5 Acceleration of repayment of the loan amount

At our option, the loan amount will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws or rules and regulations;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements as required by section 9.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

10.6 Insurance

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or
- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

11. Our rights

11.1 We are under no obligation to make advances to you under the mortgage

We may, for any reason, decide not to advance you all or any part of the principal amount, even if:

- you have signed this mortgage;
- this mortgage has been registered; or
- we have already given you part of the principal amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the mortgage. These costs will include legal fees, charged on a "substantial indemnity" basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the mortgage, or add them to the loan amount, or do both.

11.2 Releasing your property from the mortgage

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the loan amount. Your obligations, and the obligations of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

11.3 Enforcing our rights

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the mortgage, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference.
- **Appoint a receiver.** We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
    - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
    - its own commission as receiver;
    - all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing;
    - interest owing under the mortgage; and
    - all or any part of the loan amount, whether it is due or not.
- **Sue you.** We may take any action that is necessary to collect the loan amount.

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- **Lease your property or collect rents.** If you are in default on the mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Power of sale.** If you are in default on the mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the Mortgages Act, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale (after paying all costs and expenses) to reduce any part of the loan amount. We will only be responsible for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Foreclosure or sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
- **Cure any defaults.** We can cure any defaults under the mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

11.4 Delay in enforcing our rights

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the mortgage;
- require payment of the loan amount if you are in default; and
- require any other person, including a guarantor, who has obligations under the mortgage, to meet those obligations.

If you are in default, we may require you, or anyone else who is obligated by this mortgage, including any guarantor, to pay the total loan amount.

11.5 If we do not enforce our rights on a particular default

In some cases, we may not enforce our rights on a particular default by you or a guarantor. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

11.6 Court orders and judgments

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage, including our right to receive interest as required by the mortgage.

11.7 Doctrine of consolidation

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

11.8 Administration and processing fees

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of your mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the loan amount. We will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your mortgage, or add these fees to the loan amount, or do both.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available by contacting us.

11.9 Certain actions we can take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you are a tenant or a lessee of your property, we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

Any payments we make under the mortgage will be added to the loan amount. We will charge you interest on these payments from the date we pay them at the interest rate specified in your Charge/Mortgage of Land. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

12. What happens if your property is sold or transferred

If you transfer title, or agree to transfer title, to your property to anyone without first obtaining our written approval, we may require you to pay the entire loan amount immediately. Accepting any payment from any person who we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the full loan amount immediately.

You agree to give us sufficient information to enable us to decide whether we should give our written approval. After we have received this information, we will make our decision as soon as possible. We will not unreasonably withhold our approval.

If you exercise this privilege, there may be an administration and processing fee. You must pay us these fees immediately. If you do not, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if:

- we give our written approval to you to transfer title to your property;
- the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and
- you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons, and, if we request it, one or more guarantee agreements.

13. Guarantee

Each person who signs the mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the loan amount as and when required by the mortgage; and
- to meet all other obligations of the borrower under the mortgage.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage. This means that each individual guarantor is responsible for meeting all obligations under the mortgage, including payment of the entire loan amount.

We may, at any time or times do any of the following, without notifying any guarantor, and without obtaining the consent of any guarantor:

- extend the time for payment;
- give a renewal;
- amend any agreement;
- give an extension;

- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the mortgage; and
- deal with any other matter affecting the mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

14. Assumption of the mortgage

If you are not the original borrower, you agree to all obligations of the original borrower under the mortgage as if you had signed the original mortgage.

15. Portability

If you have met all your obligations under the mortgage and you have agreed to sell your property and purchase another property within 90 days of the sale of your original property, we may provide financing for the purchase of the new property. The following conditions apply:

- You must apply in writing.
- You will be required to give us a mortgage on your new property.
- The sale of your original property must be in good faith and be an "arms-length" sale. In most cases, an arm's length sale is one where the buyer and seller are unrelated. That is, they have no personal or business relationship with each other. If the buyer and seller do have a personal or business relationship, the sale must be at a fair market value to be considered "arms-length."
- On the date you complete the sale of your original property, an amount sufficient to pay the principal amount, interest to the date of the new mortgage and any prepayment charges due under this mortgage will be held by us. We will release these funds when the new mortgage is registered, as long as it is registered within 90 days. If it is not registered within 90 days, we will apply the amount held by us to prepay the mortgage in full, including any prepayment charges and administration fees that may apply.
- You will continue to make regular payments under this mortgage.
- The mortgage must be transferred to the new property without any changes in outstanding balance, interest rate, and terms and conditions described in these Standard Charge Terms.
- Our mortgage approval criteria and requirements for documentation in effect at the time you make your application will apply and must be met, including requirements for CMHC or Genworth mortgage insurance, if applicable. You will be responsible for paying all administration and processing fees, CMHC and Genworth insurance premiums, all legal and appraisal fees, and other expenses incurred in connection with the new mortgage.

16. Expropriation

If your entire property is expropriated, the loan amount will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, plus any loss of interest.

17. *Family Law Act*

You certify to us that all information that you gave us about your marital status and your property when applying for the loan, and the statements made in the Charge/Mortgage of Land are true and accurate under the *Family Law Act*.

18. If part of the mortgage is not valid

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

19. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the mortgage.

20. *National Housing Act*

All CMHC insured mortgages are made according to the *National Housing Act*.

21. Reference to laws

Any reference to legislation in the mortgage includes amendments and replacements to that legislation in force from time to time.

22. Collecting, using, and disclosing your personal information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about your mortgage;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, maintain and collect upon your mortgage. We will use and disclose your personal information according to Firstline's privacy policies which are outlined in Firstline's brochure, "Your Privacy Is Protected." This privacy policy may be amended, replaced or supplemented from time to time. You can get information on our current privacy policy by contacting us or visit www.firstline.com.

You agree that we may enter into this mortgage on behalf of another entity, as an agent or nominee, and also that we may assign this mortgage to another entity. In these cases, the entity is known as the "beneficial owner." We can do this whether or not the beneficial owner is named in this mortgage. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns the mortgage. We may also disclose your personal information to any service provider. A service provider is any person or entity that:

- is involved in the servicing, maintenance, collection or operation of the mortgage; or
- provides services or benefits to you under the mortgage, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your mortgage application, and ongoing information and documentation about you and your mortgage sufficient for the beneficial owner, agent, assignee and service provider to administer the mortgage and exercise their rights under it.

23. Discharge

After you have paid us the loan amount, we will sign a discharge and send it to you within a reasonable time. Or, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge. We have the right to refuse a discharge or transfer of this mortgage until any charges or returned cheque amounts that arise after the discharge statement is prepared are paid.

For purposes of calculating per diem interest, funds received after 3:00 p.m. on any business day will be considered to be received on the next business day.

You will pay our usual administration and processing fee for preparing, reviewing and signing any such documents and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

DATED at Toronto, this 1st day of August, 2006.

Patricia Knight
Solicitor for CIBC Mortgages Inc.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200638 Ont.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200639 Cote
Filing Date OCT·31 2006 Date de Dépôt
Page 1 of/de 12 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act
SET OF STANDARD CHARGE TERMS
Filed by HSBC Finance Mortgages Inc.

Filing Date:
Filing Number:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

CHARGE SECURING PERSONAL LINE OF CREDIT

INTERPRETATION

1. (1) In this set of standard charge terms:

(a) "Charge" means and includes the Statutory Form and this set of standard charge terms.

(b) "Chargee" means each chargee named in the Statutory Form.

(c) "Chargor" means each chargor named in the Statutory Form.

(d) "Lands" mean the land described in the Statutory Form, all buildings, structures, erections, improvements apparatus and fixtures now or hereafter installed, erected or placed on such land or now or hereafter attached to or used in connection with such land including, without limitation, all elevators, machinery, motors, furnaces, boilers, tanks, oil or gas burner, stokers, blowers, water heaters, television antennae, electric light fixtures, sprinklers, window blinds, screen doors and windows, storm doors and windows, refrigerators, stoves and air conditioning, ventilating, electrical, plumbing, cooling, lighting, heating, cooking and refrigeration fixtures and equipment.

(e) "Principal Amount" means the Principal Amount specified in the Statutory Form.

(f) "Personal Line of Credit Agreement" means the agreement attached to the Statutory Form, as amended from time to time.

(g) "Statutory Form" means a Charge/Mortgage of Land (Form 2) which refers to the filing number of this set of standard charge terms and includes all schedules to it.

(2) The Charge shall extend to, and bind and enure to the benefit of, the respective heirs, executors, administrators, successors and assigns, as the case may be, of the Chargor and the Chargee, and, if there is more than one Chargor, their covenants, agreements and obligations shall be deemed to be joint and several.

(3) If any provision of the Charge is illegal or unenforceable it shall be considered separate and severable from the remaining provisions which shall remain in force and be binding as though such provision had never been included.

(4) All of the provisions of the Charge to be performed and observed by the Chargor shall be deemed to be covenants and agreements made by the Chargor in favour of the Chargee.

(5) The paragraph headings in this set of standard charge terms are deemed not to form part of the Charge and have been inserted for convenience of reference only.

(6) References to paragraphs are references to paragraphs of this set of standard charge terms.

EXCLUSION OF IMPLIED COVENANTS

2. The covenants deemed to be included in a charge by virtue of the Land Registration Reform Act, are excluded from the Charge.

PAYMENT PROVISIONS

3. The Chargor promises to pay to the Chargee on demand the Principal Amount or such lesser amount (not exceeding the Principal Amount) as may from time to time equal all indebtedness and liabilities of the

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200639 Cote

Chargor to the Chargee incurred under the Personal Line of Credit Agreement between the Chargor and the Chargee, a copy of which is attached to the Statutory Form.

The Chargor will also pay interest on all indebtedness and liabilities of the Chargor under the Personal Line of Credit Agreement (not exceeding the Principal Amount) and on all other amounts payable under the Charge, including amounts payable forthwith, at the same rate and calculated and payable in the same manner as interest is calculated and payable on the Principal Amount under the Personal Line of Credit Agreement, both before and after demand, default, maturity and judgment.

CHARGOR'S COVENANTS

4. The Chargor covenants that the Chargor (i) owns the Lands; (ii) has the right to charge the Lands in favour of the Chargee in accordance with the terms of the Charge; (iii) has reported to the Chargee, in writing, all mortgages, charges, liens or other encumbrances that affect the Lands; (iv) will pay the Principal Amount, interest and all other amounts hereby secured and observe the Payment Provisions above and will perform the other obligations of the Chargor as herein provided; (v) the Chargor will not charge or encumber the Lands as long as this Charge shall remain outstanding; (vi) on default the Chargee shall have quiet possession of the Lands free from all encumbrances except as aforesaid; (vii) the Chargor shall execute such further assurances of the Lands as may be required; and (viii) the Chargor has done no act to encumber the Lands except as aforesaid.

CHARGE ON LANDS

5. By signing the Statutory Form, the Chargor charges the Lands in favour of the Chargee as security for the payment of all present and future indebtedness and liabilities of the Chargor to the Chargee incurred under the Personal Line of Credit (not exceeding the Principal Amount), interest and all other amounts payable to the Chargee under the Charge and as security for the performance of all other obligations of the Chargor under the Charge.

COLLATERAL SECURITY

6. Nothing contained in the Charge shall in any way affect or prejudice any right of the Chargee independently of the Charge to recover from the Chargor all or any part of the indebtedness and liability of the Chargor to the Chargee under the Personal Line of Credit Agreement. If such indebtedness and liability exceeds the Principal Amount, interest and other amounts payable to the Chargee under the Charge, the Chargee may conclusively determine what part of such indebtedness and liability (not exceeding the Principal Amount, interest and other amounts payable to the Chargee under the Charge) shall be secured by the Charge and what part shall not be so secured.

CHARGOR'S ACCOUNT

7. The Principal Amount, interest and all other amounts payable to the Chargee under the Charge shall be secured by the Charge notwithstanding the form in which the account or accounts between the Chargor and the Chargee may be kept, or any new transactions with the Chargor by way of further loans, discounts or advances under the Personal Line of Credit Agreement or the crediting or debiting of amounts in the account or accounts of the Chargor with the Chargee.

WHEN CHARGE VOID

8. The Charge shall not be deemed to have been redeemed or become void because at any time there is no indebtedness or liability of the Chargor to the Chargee under the Personal Line of Credit Agreement and no other amount payable under the Charge, unless at such time (i) the Chargor is in compliance with all of the Chargor's obligations under the Charge, (ii) the Chargor requests in writing a discharge of the Charge, (iii) no further indebtedness or liability to the Chargee is incurred by the Chargor under the Personal Line of Credit Agreement, (iv) no other amount becomes payable under the Charge (except under paragraph 38) prior to the delivery of such discharge and (v) the Chargor complies with paragraph 38.

APPLICATION OF PAYMENTS

9. All payments made by the Chargor to the Chargee, all interest and other moneys realized from any securities held by the Chargee (including the Charge) and any payments made by the Chargor before or after default in payment following demand therefor may be applied on such part or parts of the indebtedness or liabilities of the Chargor to the Chargee, including interest, as the Chargee may see fit, notwithstanding any contrary stipulation by the Chargor. If the Chargee is notified or has reason to believe (of which the Chargee shall be the

sole judge) that the Chargor has disposed of, encumbered or otherwise created an interest in all or any part of the Lands or in favour of a person other than the Chargee (the "subsequent chargee"), the Chargee may at its option, 1) require the Chargor to obtain a postponement from the subsequent chargee for any subsequent advances made under the Personal Line of Credit Agreement, or 2) suspend further advances to the Chargor until the claim has been satisfied or the interest or encumbrance created has been removed or 3) close the Chargor's existing account or accounts at the amount then owing to the Chargee and open a new account or accounts for loans, discounts and advances thereafter made to the Chargor by the Chargee and for payments thereafter made by the Chargor to the Chargee. No amount paid in or credited to the new account or accounts shall be applied to or have the effect of reducing or repaying any of the indebtedness, liability or interest outstanding on the closed account or accounts at the time the Chargee was notified of such disposition, encumbrance or other interest or at the time the Chargee established such new account or accounts.

DEALINGS WITH CHARGOR AND OTHERS

10. The Chargee may grant extensions of time and other indulgences, take and give up securities, accept compositions and proposals, grant releases and discharges and otherwise deal with the Chargor and with other parties and securities as the Chargee may see fit without prejudice to the liability of the Chargor or any covenanter, guarantor, surety or any other person liable for the payment of the moneys hereby secured or the Chargee's right to hold and realize the security of the Charge.

PLACE OF PAYMENT

11. All payments of principal, interest and other moneys payable hereunder shall be payable at par at such place in Canada as the Chargee or other holder of this Charge shall designate in writing from time to time. Monthly payments to cover principal and interest shall be made through the Chargee's Customer Pre-Authorized Debit Plan, or otherwise, as advised by the Chargee.

NON-MERGER

12. The Charge shall not operate by way of merger of any indebtedness of the Chargor to the Chargee or any contract or instrument by which the same may now or at any later time be represented or evidenced and no judgment recovered by the Chargee shall operate by way of merger of the Charge or any indebtedness secured by the Charge or in any way affect the security created by the Charge or the Chargee's right to interest as provided in the Charge.

ADDITIONAL FIXTURES

13. The Chargor agrees that all things that pertain to or are ordinarily attached to or placed upon anything forming part of the Lands shall for all purposes of the Charge be fixtures and form part of the Lands whether or not affixed at law to the Lands.

REPAIRS

14. The Chargor shall repair, maintain and keep in good and substantial repair the buildings and fixtures at any time forming part of the Lands. The Chargee may, by its agents at any time during the existence of the Charge, enter such buildings, examine their condition and make such repairs as the Chargee may deem requisite or proper. The Chargee may perform any acts, matters or things necessary, in the opinion of the Chargee, to protect or preserve or prevent damage to such buildings and fixtures or to remedy any default of the Chargor. If any building now or hereafter in the course of erection on the Lands remains unfinished and without any work being done on it for a period of ten consecutive days the Chargee may enter the Lands and do all work necessary to protect such building from deterioration and complete it in such manner as the Chargee may see fit. The Chargee in exercising any of the foregoing rights shall be deemed not to be a mortgagee or chargee in possession and any amounts expended by the Chargee as aforesaid shall be paid forthwith by the Chargor to the Chargee.

PRIOR OR SUBSEQUENT CHARGE

15. If the Charge should at any time be subject to any prior or subsequent charge, agreement for sale or other encumbrance (in this paragraph called a "Prior or Subsequent Charge"), the Chargor will pay or cause to be paid as they become due all payments whether for principal, interest, taxes or otherwise under or by virtue of the Prior or Subsequent Charge and will otherwise observe, perform and comply with the covenants, provisions and agreements contained in it. The Chargee may at its option make any payment or cure

any default under a Prior or Subsequent Charge, and any such payment or cost incurred by the Chargee in curing such default shall be paid forthwith by the Chargor to the Chargee.

INSURANCE

16. The Chargor shall insure the buildings and all fixed improvements now or hereafter forming part of the Lands for their full replacement value against loss or damage by fire, against all other risks usually covered by fire insurance policies with extended coverage and against such other risks and in such amounts as the Chargee may reasonably require. All such insurance policies shall be in form satisfactory to the Chargee and shall have been issued by a company or companies approved by the Chargee. At the request of the Chargee all such insurance policies shall be delivered to and held by the Chargee. Should the Chargor neglect to effect or maintain any such insurance, the Chargee may (but shall not be required to) do so and any premiums or other charges paid by the Chargee shall be paid by the Chargor to the Chargee forthwith. The Chargor shall promptly notify the Chargee of any loss of or damage to any such building or fixed improvement and forthwith on the happening of any loss or damage by fire or any of the other insured hazards the Chargor will furnish at his own expense all necessary proofs of loss and do all necessary acts and things to enable the Chargee to obtain payment of the insurance moneys. If (i) a steam boiler, pressure vessel or any other object generating steam or operated by steam or (ii) an oil or gas burner or coal blower or stoker or a sprinkler system, is operated on the Lands at any time, the Chargor shall obtain insurance against loss or damage by explosion of or caused by such boiler, vessel or other object or against loss or damage caused by such burner, blower or stoker or such sprinkler system, respectively. The Chargee shall have a lien for all amounts secured by the Charge on all insurance on such buildings and fixed improvements whether or not the insurance was obtained to comply with the foregoing provisions. All insurance on such buildings and fixed improvements obtained by the Chargor shall stipulate that loss is payable to the Chargee as its interest may appear, and contain or have attached thereto a mortgage clause in a form approved by the Chargee, including the Standard Mortgage Clause approved by the Insurance Bureau of Canada. The Chargee may require that all or any portion of any moneys received on any insurance be applied (i) in discharge of any amount secured by the Charge, whether due or not, (ii) be used to fulfil any of the other obligations of the Chargor contained in the Charge as the Chargee may determine, (iii) be used to replace or restore such buildings or fixed improvements to a condition satisfactory to the Chargee, or (iv) be released to the Chargor. The Chargor will not do or omit or cause or suffer anything to be done or omitted whereby the policy or policies of insurance may be voided or become void; and will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due; and will forthwith deliver to the Chargee the policy or policies of insurance and all renewal receipts thereto appertaining; and will deliver evidence of renewal to the Chargee at least seven days prior to the expiration of any policy.

TAXES

17. The Chargor shall pay all taxes, rates and assessments chargeable against the Lands when and as the same become due and payable and deposit with the Chargee on or before the first day of January in each and every year the receipt of the municipality in which the Lands are situate for the taxes for the preceding year.

USE, DEMOLITION AND ALTERATIONS

18. The Chargor shall not, without the prior written consent of the Chargee, (a) demolish all or any part of the buildings or fixed improvements forming part of the Lands or (b) proceed with any substantial alteration, remodeling or rebuilding of or addition to any buildings. The Chargor shall not change the use of the Lands.

RELEASE OF LAND BY CHARGEE; SALE BY CHARGOR

19. The Chargee may at its discretion release from the Charge all or any part of the Lands at any time and from time to time whether or not the Chargee receives any consideration for doing so, without being accountable for the value of the part of the Lands released or for any moneys except those actually received, and without thereby releasing any other part of the Lands or any person from the Charge. No sale or other dealing by the Chargor with the Lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against

any person liable for payment of the amounts secured by the Charge.

EXPROPRIATION

20. If all or any part of the Lands shall be expropriated by any government, authority or corporation clothed with the powers of expropriation, all moneys payable in respect of such expropriation shall be paid to the Chargee and, if received by the Chargor, shall be received in trust for the Chargee and forthwith paid over to the Chargee. Such moneys may, at the option of the Chargee, be applied to reduce any amount secured by the Charge whether or not it is due.

CHARGEE'S COSTS

21. (1) The Chargee may pay (without any obligation to so do) all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Lands or inspecting the same and generally in any other proceedings taken to realize the amounts secured by the Charge or in protecting the security for such amounts, or in performing any obligations of the Chargor under the Charge together with a proper allowance for the time and services of any person appointed by the Chargee and all solicitors' charges as between a solicitor and his own client and agents' charges or commissions for or in respect of the collection of overdue interest, principal, insurance premiums, taxes, and any other amount secured by the Charge, whether or not any action or other judicial proceeding has been taken to enforce such payment. Any and all amounts so paid or incurred pursuant to this paragraph shall be payable forthwith to the Chargee by the Chargor.

(2) In addition to all other amounts payable by the Chargor under the Charge, the Chargor shall pay to the Chargee, at the Chargee's option, the following fees:

- (a) whenever any cheque or other document, including, without limitation, any pre-authorized debit instrument, is presented for payment of any amount payable under the Charge or the Personal Line of Credit Agreement, and such cheque or other document is not honored, the Chargor shall pay to the Chargee an NSF Fee in the amount established from time to time by the Chargee;
- (b) whenever any amount payable by the Chargor under the Charge or the Personal Line of Credit Agreement is not paid when due, the Chargor shall pay to the Chargee a Collection Fee in respect of the Chargee's collection efforts, in the amount established from time to time by the Chargee;
- (c) whenever the Chargor is in default under the Charge, the Chargor shall pay to the Chargee an Inspection Fee in the amount established from time to time by the Chargee in respect of each inspection of the Lands made by or on behalf of the Chargee; and
- (d) whenever the Chargor is in default under the Charge and the Chargee decides to exercise its right to sell the Lands or to have them sold, whether or not such rights are exercised in full, the Chargor shall pay to the Chargee an Administration Fee in the amount established from time to time by the Chargee (which fee may be a per diem fee) for overhead or administrative expenses associated therewith.

All of the foregoing fees and any other administrative fees charged by the Chargee shall be payable by the Chargor to the Chargee forthwith shall be added to the Principal Amount and shall bear interest at the variable rate aforesaid, and shall be secured hereunder.

PAYMENT OF OTHER CHARGES

22. The Chargee may satisfy (without any obligation to so do) the whole or any part of any encumbrance, charge or claim now existing or hereafter affecting the Lands, whether out of the moneys advanced under the Charge or otherwise. The Chargee shall be entitled to all the equities and securities of the person or persons so paid off and the amount so paid shall be payable by the Chargor to the Chargee forthwith.

NON-APPORTIONMENT

23. Every part or lot into which the Lands are now or may later be divided does and shall stand charged with the payment of all amounts secured by the Charge and no person shall have any right to require such amounts to be apportioned upon or in respect of any such part or lots.

DEFAULT

24. If (i) any default shall at any time be made in the payment of any amount payable under the Charge or the Personal Line of Credit Agreement or in the payment

of any promissory note, agreement or instrument now or at any later time held by the Chargee in respect of or representing any amount secured by the Charge, (ii) the Chargor fails to perform any covenant, provision or agreement contained in the Charge or in any other agreement with the Chargee, (iii) the Chargee discovers that any such covenant, provision or agreement is untrue, (iv) upon the death of the Chargor (or that of any Guarantor), (v) upon any proceedings in bankruptcy or similar proceedings being taken by or against the Chargor or by or against the Guarantor, insolvency, (vi) any construction lien, statutory lien or notice of a security interest is registered against the Lands, or (vii) the Chargor sells, leases, transfers or enters into any agreement to lease, sell or transfer the Lands, or (viii) the Chargor allows a subsequent charge to be registered against the Lands without obtaining from the subsequent Chargee a postponement agreement as required in paragraph 9, or (ix) the Chargor defaults under a Prior or Subsequent Charge as provided in paragraph 15, then at the option of the Chargee all amounts payable under the Charge shall become due and payable forthwith.

WAIVER

25. At any time after default the Chargee may waive such default in writing, but any waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

REMEDIES OF CHARGEE ON DEFAULT

26. If the Chargor (i) defaults in the payment of any amount payable under the Charge or the Personal Line of Credit Agreement for fifteen days or (ii) defaults in the performance of any of the Chargor's other obligations under the Charge for fifteen days, then the Chargee may on thirty-five days' notice sell or lease the Lands, either with or without entering into possession of the Lands, provided that should such default in payment or performance continue for thirty days the Chargee may enter into possession of and may lease the Lands without notice. Any notice under this paragraph shall be sufficiently given for all purposes if given in accordance with Part III of the Mortgages Act, R.S.O. 1980, Chapter 296, as amended or re-enacted, and notice shall not be required or lesser notice may be given if and to the extent permitted or authorized under or pursuant to Part III. The rights given to the Chargee in this paragraph are without prejudice to and are in addition to any other rights and remedies given in the Charge to the Chargee or which the Chargee may have at law.

27. Sales may be made from time to time of portions of the Lands and any sale under the Charge may be either for cash, or on credit, or part cash and part credit. The proceeds of any sale or lease of the Lands may be applied in payment of any costs, charges and expenses (including surveyor's charges, solicitor's charges as between a solicitor and his own client and fees, charges and commissions of realtors, appraisers and other agents) incurred in taking, recovering, keeping possession of and selling the Lands or by reason of non-payment or endeavoring to procure payment of the amounts secured by the Charge (including all fees referred to in paragraph 21). The Chargee may make any stipulations as to title or evidence of commencement of title, or otherwise, which the Chargee shall deem proper and may rescind or vary any contract for sale of any of the Lands and resell without being answerable for any loss that results. On any sale or lease under the Charge the Chargee shall be accountable only for moneys actually received in cash as and when so received and for any of such purposes may make and execute all agreements and assurances as the Chargee shall think fit. The purchaser at any sale under the Charge or the lessee under any such lease shall not be bound to see to the legality, propriety or regularity of the sale or the lease, or that default has happened on account of which the sale or lease is made. Neither the absence of default nor failure to give proper notice shall invalidate any sale or lease made under the Charge and the remedy of the Chargor shall be in damages only.

28. The Chargee may distrain for arrears of payment in respect of the Principal Amount, interest and all other amounts hereby secured.

29. For greater certainty and in addition to, and not in substitution for, all the other rights and remedies of the Chargee, the Chargor agrees that, on default by the Chargor in making any payment required by the Charge or the Personal Line of Credit Agreement or in performing any of the Chargor's other obligations under the Charge, the Chargee may foreclose the

right, title and equity of redemption of the Chargor to and in the Lands.

30. Neither the Chargor nor any person claiming an interest in the Lands under the Chargor shall interfere in any way with the Chargee's possession of the Lands (if the Chargee goes into possession in exercising its rights under the Charge) nor with the possession of anyone to whom the Lands are sold or leased by the Chargee.

31. No right or remedy of the Chargee under the Charge or which the Chargee may have at law shall be exclusive or dependent on any other right or remedy, but any one or more of such rights and remedies may from time to time be exercised independently or in combination and may be exercised more than once.

RECEIVER

32. The Chargor agrees that if and whenever the Chargee becomes entitled hereunder to enter into possession of the mortgaged premises it may, in its discretion, by writing appoint a Receiver of the mortgaged premises or any part thereof and of the rents and profits thereof and from time to time remove any Receiver and appoint another in his stead and that in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor.

33. The following provisions shall apply upon the appointment of any such Receiver: 1) such appointment may be made either before or after the Chargee shall have entered into or taken possession of the mortgaged premises or any part thereof; 2) every such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretions of the Chargee; 3) the Chargee may from time to time fix the remuneration of every such Receiver and direct the payment thereof out of the mortgaged premises or the proceeds thereof; 4) every such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever; 5) all moneys from time to time received by such Receiver shall be paid by him firstly, in discharge of all rents, taxes, rates, insurance premiums and outgoings affecting the mortgaged premises; secondly, in payment of his commission as Receiver and the cost of executing necessary or proper repairs; thirdly, in keeping in good standing all charges on the mortgaged premises prior to this Charge; fourthly, in payment of the interest accruing due under this Charge; and the residue of any money so received by him shall be applied on the Principal Amount from time to time owing under this Charge.

REALIZATION

34. The Charge is in addition to and not in substitution for any other security held by the Chargee for all or any part of the moneys secured by the Charge. The Chargee may realize upon its various securities or any part thereof or make demand for payment of any promissory note which may be delivered by the Chargor and accepted by the Chargee by way of renewal of or substitution for the same in such order as the Chargee may see fit, and any realization, whether by foreclosure or by sale, of any security or securities shall not bar realization upon any other security or securities or the demanding of payment of any such promissory note. The Chargee shall not be bound to have recourse to or exhaust its recourse against the Chargor or against any other person or persons or against any security or securities before enforcing its rights under the Charge.

GUARANTEE

35. The following provisions have force and effect only if a party signs the Personal Line of Credit Agreement and this Charge as Guarantor. In consideration of the Chargee advancing the Principal Amount or part thereof to the Chargor, other valuable consideration and the sum of ONE DOLLAR ($1.00) of lawful money of Canada, the receipt whereof is hereby acknowledged, the Guarantor covenants and agrees with the Chargee that the Guarantor is liable to pay and satisfy all moneys at any time secured by this Charge and duly perform and observe all covenants, agreements, and provisos in the Charge contained; and further, that the Guarantor shall be primarily liable to the Chargee and shall not be released nor shall his liability hereunder be limited or lessened by any variation in or departure from the provisions of this Charge nor by the Chargee granting time, taking or giving up securities, accepting proposals, granting releases or discharges or otherwise dealing with the Lands or the parties hereto or any

of them or any other person or persons nor by any other thing whatsoever either of a like nature to the foregoing or otherwise, including the bankruptcy or insolvency of the Chargor whereby as surety only the Guarantor would or might be released, and that the Chargee shall not be bound to exhaust its recourse against the Chargor or against any other person or persons before enforcing its rights against the Guarantor, and each Guarantor shall be jointly and severally liable with all other Guarantors and Chargors in respect of all of their obligations under the Charge. The Guarantor further agrees that the Chargee may from time to time without notice to him extend the time for payment of all moneys secured by this Charge, amend the terms and times of payment and the rate of interest with respect to the said moneys, refrain from enforcing payment of the said moneys, release any portion or portions of the Lands and waive or vary any of the covenants and conditions in this Charge to be kept, observed and performed by the Chargor and grant any indulgence to the Chargor in respect of any default by the Chargor which may arise under this Charge, and that notwithstanding any such act by the Chargee, the Guarantor shall be bound by the provisions of this Charge until all of the moneys
secured under this said Charge shall have been fully paid and satisfied.

CONDOMINIUM

36. (1) If the Lands form part of the property described in a Declaration under the Condominium Act (Ontario) or such statutory provision as may be enacted in substitution or amendment therefor (the "Condominium Act") and registered pursuant to the provisions thereof (the "property"), the provisions of this paragraph 36 shall apply and the expression "Condominium Corporation" shall mean the corporation created by the registration of such Declaration.

(2) The Chargor agrees with the Chargee to:

- (a) deliver to the Chargee by personal delivery or by prepaid registered mail a copy of each and every
  - (i) claim or demand made upon the Chargor for payment by him to the Condominium Corporation (or to any person, firm or corporation duly authorized to receive moneys otherwise payable to the Condominium Corporation) at least ten clear days prior to the date upon which such claim or demand becomes due and payable as provided by its terms;
  - (ii) notice of any breach of any of the provisions of the Condominium Act or of the Declaration of or any by-law of the Condominium Corporation or of any rule or regulation of the owners of the units, within five days of the date upon which such notice is received by the Chargor;
  - (iii) request or demand for the consent of the Chargor to any matter affecting the Lands or the common elements of the Condominium Corporation within five days of the date upon which such request or demand is received by the Chargor; and
  - (iv) notice of any meeting of the Condominium Corporation to consider any matter affecting in any way the Lands or the common property of the Condominium Corporation at least ten clear days prior to the date of such meeting; and
- (b) pay any and all moneys due and payable by the Chargor from time to time in accordance with the provisions of the Condominium Act or the Declaration or by-laws of the Condominium Corporation on or before the date any such payment is due and, upon demand of the Chargee, submit satisfactory proof of payment, including, without limiting the foregoing, any contributions to common expenses required as owner. In the event of failure by the Chargor to make any such payment the Chargee may, at its option, pay the same and such payment(s) together with all reasonable costs, charges and expenses incurred in respect thereof shall be payable by the Chargor to the Chargee forthwith;
- (c) comply with and observe all the covenants, provisions, terms, conditions, stipulations,

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specifications, rules and regulations of the Condominium Act and of the Declaration and by-law or by-laws of the Condominium Corporation and of any of the rules and regulations of the owners of the units, all as amended from time to time.

(3) In addition to all other circumstances in which all amounts payable under the mortgage may become payable forthwith, in the event (i) that the government of the property by the Condominium Corporation is terminated, (ii) of an expropriation, (iii) of a sale of the property or a part of the common elements of the Condominium Corporation being authorized by a vote of the owners of the units, (iv) of the failure of the Condominium Corporation to comply with the Act, the Declaration, the by-laws or the rules of the Condominium Corporation, or (v) that the Condominium Corporation, in the opinion of the Chargee, fails to properly manage or maintain the Condominium Property or the assets of the Condominium Corporation, then all amounts payable under the Charge shall, at the option of the Chargee, become due and payable forthwith and the Chargee may exercise any or all of the powers the Chargee may have under the Charge notwithstanding any consent given by the Chargee to such termination, expropriation or sale.

(4) The Chargor irrevocably authorizes the Chargee to exercise from time to time and at any time, in the name of the Chargor and on behalf of the Chargor, the Chargor's right to vote at all meetings of the members of the Condominium Corporation and for all purposes, wherever and whenever the Chargor would have such right to vote, and irrevocably authorizes the Chargee to exercise from time to time and at any time the right of the Chargor to consent to any matter relevant to the management or sale of any dealings with the property of the Condominium Corporation or its assets or the termination of the application of the Condominium Act to the Condominium Corporation, at any time or times and for all purposes, wherever and whenever the Chargor would have such right of consent.

(5) The Chargee may from time to time waive its right to vote or right of consent by giving notice of its intention so to do to the Condominium Corporation and such waiver may be for an indeterminate period of time until withdrawn or for a limited period of time or for a specific meeting or matter, and while such waiver is in effect the Chargor may exercise the right to vote or to consent.

(6) Notwithstanding the exercise by the Chargee of the right of the Chargor to either vote or consent, such exercise shall not render the Chargee a mortgagee or chargee in possesion.

(7) The Chargee's right to vote or to consent does not impose any duty on the Chargee nor entail any representation, express or implied, that the Chargee shall be in any way responsible to protect the interest of the Chargor, and the Chargee shall not be responsible for any exercise of the right to vote or right to consent or any failure to exercise the right to vote or right to consent.

(8) Notwithstanding paragraph 16, the obligations of the Chargor to insure, keep and maintain insurance, to assign and, deliver the policy or policies of insurance and all renewal receipts and evidence pertaining thereto, may be performed by the Condominium Corporation rather than the Chargor and the proceeds of such insurance may be payable in accordance with the provisions of the Declaration and By-Laws of the Condominium Corporation. Forthwith upon the happening of any loss or damage the Chargor shall comply with the provisions of the policy or policies of insurance and with the insurance provisions of the Declaration and By-Laws and as a member of the Condominium Corporation shall seek full compliance by the Condominium Corporation with such provisions,

(9) If the Condominium Corporation fails to provide insurance that complies with paragraph (8), the Chargor must do so and, if requested by the Chargee, the Chargor shall insure all improvements which the Chargor or previous owners of the Lands have made to the Lands or obtain insurance against those additional risks that the Chargee requires. If the Chargor fails to obtain such insurance upon request by the Chargee, or fails to provide evidence that such insurance has been obtained, the Chargee may obtain such insurance and pay the premiums. Any such premiums paid by the Chargee and any other amounts expended by the Chargee in exercising its rights under this paragraph shall be payable by the Chargor to the Chargee forthwith.

(10) Upon request by the Chargee, the Chargor shall pay to the Chargee on the dates specified by the chargee a prorated portion of the Chargor's required contributions to common expenses next to become due and payable as estimated from

time to time by the Chargee so that the Chargee shall have sufficient funds on hand to pay such contributions on or before the date such payment is due, and if the Chargor's share of common expenses for any year as finally determined exceeds the Chargee's estimate for that year, the Chargor shall pay to the Chargee forthwith the amount required to make up the deficiency. Unless the Chargor is in default under the charge, the Chargee will apply any such moneys actually received from the Chargor to pay such common expenses, but no such moneys shall be held in trust, the Chargee shall not be obligated to pay any interest or other allowance thereon, and after the happening of default under any of the provisions of the Charge the Chargee shall be entitled, at its option, to apply any such money then held by the Chargee to reduce any amount secured by the Charge.

AMENDMENTS TO CHARGE; NO NEED TO REGISTER

37. The Chargee may from time to time amend the Personal Line of Credit Agreement and the Charge (including an amendment to the rate of interest payable under the Personal Line of Credit Agreement and the Charge), notwithstanding that there may be subsequent encumbrancers, by mailing or otherwise sending a notice to the Chargor at the latest address of the Chargor appearing in the Chargee's records. Such notice will be deemed to have been received the fifth day after it has been mailed to or left at such address and may apply to existing as well as future indebtedness and liabilities of the Chargor to the Chargee. No such amendment need be registered on title in order to retain priority for the Charge as so altered over any instrument registered after the Statutory Form.

DISCHARGE OF CHARGE

38. At any time when there is no indebtedness or liability of the Chargor to the Chargee under the Personal Line of Credit Agreement, no other amount payable under the Charge and the Chargor is in compliance with all of the Chargor's obligations under the Charge, the Chargor may request in writing a discharge and upon payment of all legal and other expenses incurred by the Chargee for the preparation, execution and delivery of such discharge (including the Chargee's usual fee for providing such services) the Chargee shall deliver such document to the Chargor, provided that no further indebtedness or liability has been incurred by the Chargor under the Personal Line of Credit Agreement and no other amount has become payable under the Charge in the time between such request and such delivery. The Chargee may, at its option, accept or request a discharge of the Charge prepared by the Chargor provided the Chargee receives an administration fee from the Chargor for the processing and execution of such discharge.

ASSIGNMENT OF RENTS

39. (a) As additional security, in consideration of the sum of One Dollar and other good and valuable consideration now paid by the Chargee to the Chargor (the receipt whereof is hereby acknowledged) the Chargor hereby gives, grants, assigns, transfers and sets over unto the Chargee all rents, both present and future, payable under any leases and agreements now or hereafter affecting the Lands and premises together with all right, benefit and advantage to be derived therefrom to have and to hold the same unto the Chargee, its successors and assigns, absolutely.

(b) Nothing herein contained shall be deemed to have the effect of making the Chargee responsible for the collection of the Rents or any part thereof or for the performance of any of the covenants, provisions, stipulations, terms or conditions either by the Lessee or by the Lessor and the Chargee shall not by virtue of these presents be deemed to be a Chargee in possesion of the Lands and premises.

(c) The Chargee shall be liable to account for only such monies as may actually come into its hands by virtue these presents after deduction of all collection charges, inspection fees and other expenses to which the Chargee may put in respect thereof and that such monies when so received by it, shall be applied on account of the said Charge to which these presents are taken as collateral security.

(d) The Chargee shall not exercise its rights covered by these presents until such time as the Chargor shall make default in any of the terms and provisions of the Charge and on the part of the Chargor to be performed thereunder. The Chargor hereby acknowledges and agrees that the decisions of the Chargee as to whether or not there has been any such default shall be final and conclusive and binding in every respect upon the Chargor.

LEASEHOLD CHARGE

40. (1) This section applies if the interest charged as shown in the Statutory Form is or includes a leasehold interest.

(2) The Chargor represents to the Chargee that

- (a) the lease is owned by the Chargor subject only to those charges and encumbrances that are registered in the land titles office at the time the Chargor signs the Statutory Form;
- (b) the lease is in good standing;
- (c) the Chargor has complied with all the Chargor's promises and agreements contained in the lease;
- (d) the Chargor has paid all rent that is due and payable under the lease;
- (e) the lease is not in default; and
- (f) the Chargor has the right to charge the least to the Chargee.

(3) The Chargor will

- (a) comply with the lease and not do anything that would cause the lease to be terminated;
- (b) immediately give to the Chargee a copy of any notice or request received from the landlord;
- (c) immediately notify the Chargee if the landlord advises the Chargor of the landlord's intention to terminate the lease before the term expires; and
- (d) sign any other document the Chargee requires to ensure that any greater interest in the Lands that is acquired by the Chargor is charged by this Charge.

(4) Any default under the lease is a default under this Charge.

(5) The Chargor promises to the Chargee that the Chargor will not, without first obtaining the written consent of the Chargee

- (a) surrender or terminate the lease; or
- (b) agree to change the terms of the lease.

(6) The Chargee may perform any promise or agreement of the Chargor under the lease.

(7) Nothing done by the Chargee under this section will make the Chargee a Mortgagee or Chargee in possession,

(8) If the Chargor shall, at any time prior to payment in full of all monies secured hereby, acquire title in fee simple to the Lands and premises of any other greater estate in the Lands and premises demised by the lease, then the charge of this Charge shall automatically attach, extend to and charge such title or greater estate.

COMPLIANCE WITH LAWS

41. The Chargor shall comply with all applicable rules, laws, and regulations, including environmental protection laws, and shall not commit any act, omit to do anything, or use the Lands in such a manner as to result in a breach of said laws. The Lands shall be used for residential purposes only, and shall not be used for the storage of any hazardous materials. The operation of oil or natural gas wells shall not be permitted on the Lands. The Chargor will promptly notify the Chargee of any event or fact coming within his or her knowledge which may constitute or result in a breach of said laws and shall indemnify the Chargee from all claims, expenses, and costs (including cleanup costs) resulting from such non-compliance.

DATED the 24TH day of October, 20 06.

HSBC Finance Mortgages Inc.

Per:
Authorized Signing Officer
Richard Henderson – President

Per:
Authorized Signing Officer
Elaine Cormack – Assistant Secretary

****

ACKNOWLEDGEMENT

This Set of Standard Charge Terms is included in a Charge dated ____________ the day of ____________, 20_______, made by

as Chargor(s)

To **HSBC Finance Mortgages Inc.**

as Chargee

and each Chargor hereby acknowledges receiving a copy of this Set of Standard Charge Terms before signing the Charge.

Chargor

Chargor

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200640 Cote
Filing Date Oct 31st 2006 Date de Dépôt
Page 1 of/de 11 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act
SET OF STANDARD CHARGE TERMS - ONTARIO

Filed by: **HSBC Finance Mortgages Inc.**
Filing date:
Filing number:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

CLOSED-END CHARGE

1. EXCLUSION OF IMPLIED COVENANTS

The covenants deemed to be included in charges by virtue of subsections (iv), (v) and (ix), of section 7(1) of the Act are hereby excluded from this Charge.

2. INTERPRETATION

(a) Whenever these Standard Charge Terms are deemed to be included in a charge, the words "Chargor", "Chargee" and "Guarantor", when used herein, shall mean the persons so named in such charge; the words "Lands", when used herein, shall mean the land or property described in such charge; the word "Charge", when used herein, shall mean the charge in which these Standard Charge Terms are deemed included; the words "Principal Amount", "Interest Rate", "Interest Adjustment Date", "Payment", "First Payment Date", "Payment Date", "Last Payment Date" and "Balance Due Date", when used herein, shall mean the respective amounts, interest rate and dates set forth in such charge; and the words "Address for Service" when used herein, shall mean the address for service of the Chargor or Chargee, as the case may be, set forth in such charge.

(b) The paragraph headings in these Standard Charge Terms are deemed not to form part of the Charge and have been inserted for convenience of reference only.

(c) Except where otherwise stated, this Charge and everything herein contained shall extend to and bind and enure to the benefit of the respective heirs, executors, administrators, successors in office, successors and assigns, as the case may be, of each and every of the parties hereto, and where there is more than one Chargor or Guarantor or there is a female party or a corporation, the provisions hereof shall be read with all grammatical changes thereby rendered necessary, and all covenants shall be deemed to be joint and several.

(d) If any provision of this Charge is illegal or unenforceable it shall be considered separate and severable from the remaining provisions of this Charge which shall remain in force and be binding as though such provision had never been included.

(e) All of the provisions of this Charge on the part of the Chargor to be performed and observed shall be deemed to be covenants and agreements on the part of the Chargor in favour of the Chargee.

(f) References to paragraphs are references to paragraphs of this set of standard charge terms.

3. PROVISIONS FOR PAYMENT

The Charge shall be void on payment to the Chargee of the Principal Amount, in lawful money of Canada, with interest at the Interest Rate, calculated half-yearly not in advance, as well after as before maturity and both before and after default, in each year on so much of the Principal Amount as shall from time to time remain unpaid until the whole of the Principal amount is paid and taxes and all other moneys payable hereunder, the said Principal Amount and interest to be paid as follows:

(a) interest at the Interest Rate on the amounts advanced from time to time, computed from the respective date(s) of such advance(s) to and including the day preceding the Interest Adjustment Date, shall become due and be paid on such date; and thereafter.

(b) each Payment shall become due and be paid on account of the said Principal Amount and interest on the First Payment Date and on each Payment Date thereafter to and including the Last Payment Date and the balance of the said Principal Amount then remaining unpaid and all accrued and unpaid interest and other moneys (if any) then owing under this Charge shall become due and be paid on the Balance Due Date; until the happening of default under any of the provisions of this Charge, each such Payment, when paid, shall be applied, first, in satisfaction of or toward the payment of interest at the Interest Rate accrued to the date of payment and any balance of such Payment thereafter remaining shall be applied in reduction of the Principal Amount but, after the happening of default under any of the provisions of this Charge, all money paid hereunder or received by the Chargee may be applied on such part or parts of the Chargor's then indebtedness hereunder as the Chargee in its sole discretion shall deem advisable.

4. POWER OF SALE

(a) The Chargee on default of payment for fifteen days may on fifteen days' notice enter on and lease the Lands or on default of payment for at least fifteen days may on at least thirty-five days' notice sell the Lands; provided that should default of payment continue for thirty days the Chargee may enter on and lease the Lands without notice; provided that the Chargee on default by the Chargor of the observance or performance of any of the provisions of this Charge other than a default of payment aforesaid for a period of fifteen days may on fifteen days' notice enter on and lease the Lands, or on default of such observance or performance for at least fifteen days may on at least thirty-five days' notice sell the Lands; provided that should default of such observance or performance continue for thirty days the Chargee may enter on and lease the Lands without notice. Any notice under this paragraph shall be sufficiently given for all purposes if given in accordance with Part III of The Mortgages Act, R.S.O. 1980, Chapter 296, or under such statutory provision as may hereafter be enacted in substitution or amendment of the said Part III and notice shall not be required or lesser notice may be given if and to the extent permitted or authorized under or pursuant to the said Part III. The rights in this paragraph given to the Chargee are without prejudice to and are in addition to any other rights and remedies given in this Charge to the Chargee or which the Chargee may have at law.

(b) The Chargee may lease or sell as aforesaid without entering into possession of the Lands.

(c) Any sale hereunder may be either for cash or on credit, or part cash, and part credit, and the proceeds of any sale may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Lands, or endeavouring to procure payment of moneys secured hereby. Sales may be made from time to time of portions of the Lands or of the whole of the Lands subject to the amount not yet actually payable according to the provisions for payment, to satisfy interest or parts of the principal overdue, leaving the principal or balance thereof, to run at interest payable as aforesaid. The Chargee may make any stipulations as to title or evidence or commencement of title, or otherwise, which the Chargee shall deem proper and may rescind or vary any contract for sale of any of the Lands and resell without being answerable for loss occasioned thereby. On any sale hereunder the Chargee shall be accountable only for moneys actually received in cash as and when so received and for any of the said purposes may make and execute all agreements and assurances as it shall think fit. The Purchaser at any sale hereunder shall not be bound to see to the legality, propriety or regularity thereof, or that default has happened on account of which the sale or lease is made, and no want of default or of notice shall invalidate any sale or lease hereunder, and the remedy of the Chargor shall be in damages only.

5. PRIOR OR SUBSEQUENT MORTGAGES

If the Mortgage should at any time be subject to any prior or subsequent mortgage, charge, agreement for sale or other encumbrance (in this paragraph called a "Prior or Subsequent Mortgage"), the Mortgagor will pay or cause to be paid as they become due all payments whether for principal, interest, taxes or otherwise under or by virtue of the Prior or Subsequent Mortgage and will otherwise observe, perform and comply with the covenants, provisions and agreements contained in it. The Mortgagee may at its option make any payment or cure any default under a Prior or Subsequent Mortgage, and any such payment or cost incurred by the Mortgagee in curing such default shall be paid forthwith by the Mortgagor to the Mortgagee.

6. REALIZATION

The Charge is in addition to and not in substitution for any other security held by the Chargee for all or any part of the moneys secured by the Charge. The Chargee may realize upon its various securities or any part thereof or make demand for payment of any promissory note which may be delivered by the Chargor and accepted by the Chargee by way of renewal of or substitution for the same in such order as the Chargee may see fit, and any realization, whether by foreclosure or by sale, of any security or securities shall not bar realization upon any other security or securities or the demanding of payment of any such promissory note. The Chargee shall not be bound to have recourse to or exhaust its recourse against the Chargor or against any other person or persons or against any security or securities before enforcing its rights under the Charge.

7. INSURANCE

(a) The Chargor shall insure the buildings and all fixed improvements on the Lands for the full replacement value thereof, against loss or damage by fire, such insurance to include the broadest extended coverage available for the type of improvement or improvements, building or buildings on the Lands and if required by the Chargee, the Chargor will also insure against loss or damage by plate glass breakage, boiler explosion and such other insurable risks, events, or hazards and in such amounts as the Chargee may designate. All such insurance shall be carried in a company or companies approved by the Chargee and under policies satisfactory as the coverage and form to the Chargee, and mortgage clauses in a form approved by the Chargee, including the Standard Mortgage Clause approved by the Insurance Bureau of Canada, will be attached to all insurance policies. The Chargee shall have a lien for all amounts secured by the Charge on all insurance on such building and fixed improvements whether or not the insurance was obtained to comply with the foregoing provisions. The loss clause in all such policies will be made payable to the Chargee and no insurance will be carried on improvements or buildings on the Lands other than such as is made payable to the Chargee in accordance with the provisions of this paragraph.

(b) The Chargor will not do or omit or cause or suffer anything to be done or omitted whereby the policy or policies of insurance may be voided or become void and will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due, and will forthwith assign and deliver to the Chargee the policy or policies of insurance and all renewal receipts thereto appertaining. At least seven days prior to the expiration of any policy the Chargor will deliver evidence of renewal to the Chargee at its Address for Service or such other address as it may designate from time to time. In the event of any breach of the foregoing covenants respecting insurance the Chargee, without prejudice to its other rights hereunder, may, at its option effect such insurance as it may deem necessary on behalf of the Chargor and any amount paid therefor by the Chargee shall be payable forthwith to the Chargee and shall be a charge upon the Lands, and shall bear interest at the Interest Rate from the time of such payment until paid.

(c) Forthwith on the happening of any loss or damage by fire or any of the other insured hazards the Chargor will furnish at his own expense all necessary proofs of loss and do all necessary acts and things to enable the Chargee to obtain payment of the insurance moneys, and any such insurance moneys received by the Chargee may at the option of the Chargee be applied in repairing or rebuilding the damaged or destroyed improvements or buildings, or be applied to the payment of the moneys hereby secured in such manner as the Chargee may determine, or partly in one way and partly in another, and in the event of there being a surplus, if any, to pay the same to the Chargor or any person appearing by the registered title to be the owner of the Lands, all to the extent it is permitted to do so under the statute law from time to time in force.

8. INTEREST ON ARREARS

All arrears of interest shall be added to the principal and shall bear interest at the Interest Rate (as well after as before maturity) compounded half yearly in each year and all such arrears and interest on interest shall be a charge on the Lands; and if and whenever the Chargee shall pay any taxes under the provisions hereof or insurance premiums or become entitled to the security hereof in respect of any other advances, costs, charges, expenses or other moneys, the amount thereof shall be forthwith payable to the Chargee and shall be a charge on the Lands and shall be added to the principal and bear interest at the Interest Rate and, in default of payment, the powers of sale herein given may be exercised; and there shall be added to and be paid with each of the aforesaid instalments as they respectively fall due, the amount of any and all interest payable in respect of the preceding month upon any principal, interest and/or other moneys in default during such month or any part thereof.

9. DEFAULT

(a) In default of the payment of the interest hereby secured, the principal hereby secured shall become payable provided, however, that the Chargee may, in writing at any time after default, waive such default and upon such waiver the times for payment of said principal shall be as set out in the above Provisions for Payment, but any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

(b) If any default shall at any time be made in payment of the principal, interest or other moneys hereby secured, or if the Chargor or those claiming under him shall commit any act of waste upon the Lands or make default as to any covenant, proviso or agreement herein contained or upon discovery by the Chargee that any such covenant is untrue, or upon the death of the Chargor (or that of any Guarantor), or upon any proceedings in bankruptcy being taken by or against the Chargor (or by or against any Guarantor), insolvency or upon the registration of any Construction Lien or Notice of Security Interest against the Lands or should any buildings now or hereafter in course of erection on the Lands remain unfinished and without any work being done on them for a period of ten consecutive days, the principal hereby secured shall at the option of the Chargee forthwith become due and payable.

(c) Until default of payment the Chargor shall have quiet possession of the Lands.

(d) Upon default in the payment of any principal hereby secured, the Chargee shall not be obliged to accept payment of such overdue principal unless the Chargor shall pay interest thereon to date of payment; but nothing herein contained shall affect or limit the right of the Chargee to recover by action or otherwise the principal money so in arrears after default has been made.

10. ADDITIONAL FEES

In addition to, and not in substitution for, all costs, charges and expenses for which the Chargor may be responsible hereunder, the Chargee may, at its option, charge the following fees to the Chargor, which the Chargor agrees to pay:

(a) whenever any cheque or other document, including, without limitation, any pre-authorized debit instrument, is presented for payment of any principal, interest or other amount hereunder, and such cheque or other document is not honoured, the Chargor shall pay to the Chargee an NSF Fee in the amount established from time to time by the Chargee;

(b) whenever any amount payable by the Chargor hereunder is not paid when due, the Chargor shall pay to the Chargee a Collection Fee in respect of the Chargee's collection efforts, in the amount established from time to time by the Chargee;

(c) whenever the Chargor is in default hereunder, the Chargor shall pay to the Chargee an Inspection Fee in the amount established from time to time by the Chargee in respect of each inspection of the Lands made by or on behalf of the Chargee;

(d) whenever the Chargor is in default hereunder and the Chargee decides to exercise its right to sell the Lands or to have them sold, whether or not such rights are exercised in full, the Chargor shall pay to the Chargee an Administration Fee in the amount established from time to time by the Chargee (which fee may be a per diem fee) for overhead or administrative expenses associated therewith; and

(e) any reasonable administration or service fees which may by law be imposed by the Chargee from time to time in connection with this Charge. It is agreed and understood that all such fees charged by Chargee under this paragraph are to compensate the Chargee for administrative costs associated with the Charge and are not a penalty.

ALL of the foregoing fees shall be payable by the Chargor to the Chargee forthwith, shall be added to the Principal Amount and shall bear interest at the Interest Rate, and shall be secured hereunder.

11. RELEASE OF LAND BY CHARGEE; SALE BY CHARGOR

The Chargee may at its discretion release all or any part or parts of the Lands at any time and from time to time either with or without any consideration therefor, without being accountable for the value thereof or for any moneys except those actually received, and without thereby releasing any other part of the Lands, or any person from this Charge or from any of the covenants herein contained; and that no sale or other dealing by the Chargor with the Lands or any part thereof shall in any way change the liability of the Chargor (or any Guarantor) or in any way alter the right of the Chargee as against any person liable for payment of the moneys hereby secured.

12. FIXTURES

The Chargor agrees that all furnaces, boilers, tanks, oil and gas burners, stokers, blowers, water heaters, television antennae, electric light fixtures, sprinklers, machinery, motors, window blinds, screen doors and windows, storm doors and windows, and air conditioning, ventilating, electrical, plumbing, cooling, lighting, heating, cooking and refrigeration equipment, and all apparatus and equipment appurtenant thereto now or hereafter placed or installed upon the Lands shall for all purposes of this Charge be fixtures and an accession to the freehold and form part of the realty, whether or not affixed in law to the Lands.

13. TAXES AND REPAIRS, PAYMENT OF CLAIMS, COSTS AND EXPENSES

(a) So long as this Charge remains a charge upon any of the Lands, the Chargor will pay all taxes, rates and assessments chargeable against the Lands when and as the same become due and payable and produce to and deposit with the Chargee on the day first appointed hereunder for payment of interest in each and every year the receipt of the Municipality in which the Lands are situate for the taxes for the preceding year.

The Chargee may, at its option, require the Chargor to remit to the Chargee with each monthly instalment of principal and interest, an amount estimated by the Chargee to be sufficient to repay any then outstanding and future property taxes.

(b) The Chargor will repair, maintain, amend and keep in good and substantial repair the Lands and buildings thereon, with their appurtenances and all fixtures and things thereto belonging or which at any time during the existence of the Charge shall be erected and made. The Chargee personally or by agents at any time during the existence of the Charge may enter the Lands and buildings and examine the condition thereof, and may from time to time make such repairs as the Chargee may deem requisite or proper. Further, the Chargee may perform any acts, matters or things necessary in the opinion of the Chargee to protect or preserve or prevent damage to the Lands and buildings or to remedy any default of the Chargor, and may pay all premiums of insurance and all taxes and rates chargeable against the Lands and buildings which shall from time to time fall due and be unpaid.

(c) The Chargee may satisfy the whole or any part of any charge, claim or government grant now existing or hereafter claimed upon the Lands and whether any such charge, claim or government grant be satisfied out of the moneys advanced on this security or otherwise the Chargee shall be entitled to all the equities and securities of the person or persons so paid off. In the event of any buildings now or hereafter in course of erection on the Lands remaining unfinished and without any work being done on them for a period of ten consecutive days the Chargee may enter the Lands and buildings and do all work necessary to protect the same from deterioration and to complete the buildings so remaining unfinished in such a manner as the Chargee may see fit.

(d) The Chargee may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Lands and buildings or inspecting the same and generally in any other proceedings taken to realize the moneys hereby secured or in protecting the security for the said moneys, together with a proper allowance for the time and services of any person appointed by the Chargee and all solicitor's charges on a solicitor and client basis and agent's charges or commissions for or in respect of the collection of overdue interest, principal, insurance premiums, taxes and/or any other moneys whatsoever payable by the Chargor hereunder whether any action or other judicial proceedings to enforce such payment has been taken or not.

(e) All payments, costs, charges and expenses made or incurred in pursuance of the foregoing shall be forthwith payable to the Chargee and shall be a charge on the Lands and shall be added to the principal and bear interest at the Interest Rate and, in default of payment, the powers of sale herein given may be exercised. The Chargee in exercising any of the rights given to the Chargee under this section shall be deemed not to be a Chargee in possession.

14. RECEIVER

(a) If and whenever the Chargee becomes entitled hereunder to enter into possession of the Lands it may, in its discretion, by writing appoint a Receiver of the Lands or any part thereof and of the rents and profits thereof and from time to time remove any Receiver and appoint another in his stead and that in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor.

(b) The following provisions shall apply upon the appointment of any such Receiver: such appointment may be made either before or after the Chargee shall have entered into or taken possession of the Lands or any part thereof; every such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretion of the Chargee; the Chargee may from time to time fix the remuneration of every such Receiver and direct the payment thereof out of the Lands or the proceeds thereof; every such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever; all moneys from time to time received by such Receiver shall be paid by him-- Firstly, in discharge of all rents, taxes, rates, insurance premiums and outgoings affecting the Lands; Secondly, in payment of his commission as Receiver and the cost of executing necessary or proper repairs; Thirdly, in keeping in good standing all charges on the Lands prior to this Charge; Fourthly, in payment of the interest accruing due under this Charge; and the residue of any money so received by him shall be applied in reduction of the principal from time to time owing under this Charge.

15. ALTERATIONS

The Chargor covenants with the Chargee that he will not demolish any part of the buildings on the Lands without the consent of the Chargee and that he will not proceed with any substantial alteration, remodelling or rebuilding of or addition to the buildings on the mortgaged lands or any part of them without first obtaining the Chargee's written approval of the plans and specifications thereof.

16. PLACE OF PAYMENT

All payments of principal, interest and other moneys payable hereunder shall be payable at the Chargee's Address for Service or at such other place in Canada as the Chargee or other holder of this Charge shall designate in writing from time to time. Monthly payments to cover principal and interest shall be made through the Chargee's Customer Pre-Authorized Debit Plan, or otherwise, as advised by the Chargee.

17. NON-MERGER

The obtaining of a judgment or judgments in any action to enforce this Charge or any of the covenants herein contained shall not operate as a merger of this Charge or of the moneys hereby secured or any of the said covenants or affect the Chargee's right to interest as herein specified or any of its rights under the said covenants.

18. ADVANCE OF MORTGAGE MONEYS

Neither the execution nor registration of this Charge, nor the advance in part of the Principal Amount hereby secured shall bind the Chargee to advance the said Principal Amount or any unadvanced portion thereof, but nevertheless this Charge shall take effect forthwith upon the execution thereof by the Chargor.

19. EXPROPRIATION

If the Lands shall be expropriated by any government, authority, body or corporation clothed with the powers of expropriation the amount of the principal hereby secured remaining unpaid shall forthwith become due and payable together with interest thereon at the Interest Rate to the date of payment and all other moneys payable hereunder.

20. CHANGE OF OWNERSHIP OR USE

Should the Chargor lease, sell, convey, transfer or enter into any agreement of lease, sale or transfer of the building hereby charged or of the Chargor's interest in the Lands to a lessee, purchaser, grantee or transferee (herein called "the purchaser") not approved in writing by the Chargee (which approval shall not be unreasonably withheld), or should the building on the Lands cease to be the principal residence of the Chargor (or any one of the Chargors if there are more than one) other than as a result of a lease, sale or transfer with the approval of the Chargee as aforesaid then, at the option of the Chargee, all moneys hereby secured with accrued interest thereon shall forthwith become due and payable together with a bonus equal to the sum of three (3) months' interest at the

Interest Rate calculated on the amount of the principal so remaining unpaid. The Chargor hereby agrees that should the Chargee request such prospective purchaser (a) to apply to the Chargee for its approval of such proposed purchaser and provide the Chargee with such information as the Chargee may reasonably request in the circumstances including evidence of the purchaser's matrimonial status and such evidence as the Chargee shall require to establish the financial responsibility of said proposed purchaser, (b) to assume personally all of the obligations of the Chargor under this Charge (c) to execute an assumption agreement in form satisfactory to the Chargee giving effect to such assumption and (d) to pay to the Chargee a reasonable application fee to cover the Chargee's administrative costs in connection therewith, and should the purchaser fail to accede to any one or more of such requests, then the Chargee's withholding of approval of such purchaser shall be deemed to be reasonable.

21. GUARANTEE

The following provisions have force and effect only if a party signs this Charge as Guarantor. In consideration of the Chargee advancing the Principal Amount or part thereof to the Chargor, other valuable consideration and the sum of ONE DOLLAR ($1.00) of lawful money of Canada, the receipt whereof is hereby acknowledged, the Guarantor covenants and agrees with the Chargee that the Guarantor is liable to pay and satisfy all moneys at any time secured by this Charge and duly perform and observe all covenants, agreements, and provisos in the Charge contained; and further, that the Guarantor shall be primarily liable to the Chargee and shall not be released nor shall his liability hereunder be limited or lessened by any variation in or departure from the provisions of this Charge nor by the Chargee granting time, taking or giving up securities, accepting proposals, granting releases or discharges or otherwise dealing with the Lands or the parties hereto or any of them or any other person or persons nor by any other thing whatsoever either of a like nature to the foregoing or otherwise, including the bankruptcy or insolvency of the Chargor whereby as surety only the Guarantor would or might be released, and that the Chargee shall not be bound to exhaust its recourse against the Chargor or against any other person or persons before enforcing its rights against the Guarantor, and each Guarantor shall be jointly and severally liable with all other Guarantors and Chargors in respect of all of their obligations under the Charge. The Guarantor further agrees that the Chargee may from time to time without notice to him renew this Charge, extend the time for payment of all moneys secured by this Charge, increase or amend the terms and times of payment and the rate of interest with respect to the said moneys, refrain from enforcing payment of the said moneys, release any portion or portions of the Lands and waive or vary any of the covenants and conditions in this Charge to be kept, observed and performed by the Chargor and grant any indulgence to the Chargor in respect of any default by the Chargor which may arise under this Charge, and that notwithstanding any such act by Chargee, the Guarantor shall be bound by the provisions of this Charge until all of the moneys secured under this said Charge shall have been fully paid and satisfied.

22. CONDOMINIUM

If the Lands form part of the property described in a Declaration under the Condominium Act (or such statutory provision as may be enacted in substitution or amendment therefor) hereinafter referred to as "the Condominium Act" and registered pursuant to the provisions thereof, the following shall apply:

(a) The expression "Condominium Corporation" shall mean the corporation created by the registration of the said Declaration.

(b) The Chargor shall deliver by mailing to the Chargee by prepaid registered mail a copy of each and every

(i) claim or demand upon the Chargor for payment by him to the Condominium Corporation or to any person, firm or corporation duly authorized to receive moneys otherwise payable to the Condominium Corporation at least ten clear days prior to the date upon which such claim or demand becomes due and payable as provided by the terms of such claim or demand; and

(ii) notice of any breach of any of the provisions of the Condominium Act or of the said Declaration or of any by-law or by-laws of the Condominium Corporation, or of any rule or regulation of the owners of the units within five days of the date upon which such notice is received by the Chargor; and

(iii) request or demand for the consent of the Chargor to any matter affecting the Lands or the common elements of the Condominium Corporation (as to which the Chargee shall be the sole judge) within five days of the date upon which such request or demand is received by or made of the Chargor; and

(iv) notice of any meeting of the Condominium Corporation to consider any matter affecting the Lands or the common property of the Condominium (as to which the Chargee shall be the sole judge) at least ten clear days prior to the date of such meeting.

(c) The Chargor shall pay any and all moneys due and payable by the Chargor in accordance with the provisions of the Condominium Act or the said Declaration or the said by-laws from time to time on or before the dates for payment thereof and upon demand of the Chargee submit satisfactory proof of payment, including, without limiting the foregoing, any contributions to common expenses required as owner. In the event of default of the Chargor, the Chargee at its option may pay the same and such payment(s) together with all reasonable costs, charges and expenses incurred in respect thereto shall be a charge upon the Lands added to the Principal Amount and bear interest at the Interest Rate and, if after demand the Chargor fails to fully reimburse the Chargee, the balance of the Principal Amount hereby secured and outstanding shall, at the option of the Chargee become payable.

(d) The Chargor shall comply with and observe all the covenants, provisions, terms, conditions, stipulations, specifications, rules and regulations of the Condominium Act and of said Declaration and of the said by-law or by-laws of the Condominium Corporation and of any of the said rules and regulations of the owners of the said units, all as amended from time to time.

(e) In the event that the government of the Property by the Condominium Corporation is terminated or in the event of an expropriation, or a sale of the property or a part of the common elements of the Condominium Corporation being authorized by a vote of the owners of the said units, or in the event of the failure of the Condominium Corporation to comply with the Act the Declaration, the By-laws or the rules of the Condominium Corporation or in the event the Condominium Corporation, in the opinion of the Chargee, fails to properly manage or maintain the Condominium Property or the assets of the Condominium Corporation, then and in any such event the moneys hereby secured shall forthwith become due and payable, at the option of the Chargee, and all the powers in and by this Charge conferred shall become exercisable notwithstanding any consent given by the Chargee to such termination, expropriation or sale.

(f) The Chargor hereby agrees to and by these presents does irrevocably nominate, appoint and authorize the Chargee to exercise from time to time and at any time, the right of the Chargor, in the name of the Chargor and on behalf of the Chargor to vote at all times and for purposes, wherever and whenever the Chargor would have such right to vote, at any meeting of the members of the Condominium Corporation.

(g) The Chargor hereby further agrees to and by these presents does hereby irrevocably authorize the Chargee to exercise from time to time and at any time, the right of the Chargor, in the name of the Chargor and on behalf of the Chargor, to consent at any time or times and for all purposes, wherever and whenever the Chargor would have such right of consent, to any matter relevant to the management or sale or any dealings with the property of the Condominium Corporation or its assets or the termination of the application of the Condominium Act to the Condominium Corporation.

(h) The Chargee may from time to time waive its right to vote or right of consent by giving notice of its intention so to do to the Condominium Corporation and such waiver may be for an indeterminate period of time until withdrawn or for a limited period of time or for a specific meeting or matter, and while such waiver is in effect the Chargor may exercise the right to vote or to consent.

(i) The parties hereto hereby acknowledge that notwithstanding the exercise by the Chargee of the right of the Chargor to either vote or consent, such exercise shall not render the Chargee a Chargee in possession.

(j) The parties further acknowledge that the right to vote or to consent conferred upon the Chargee herein does not entail any representation, express or implied, that the Chargee shall be in any way responsible to protect the interest of the Chargor, and the Chargee shall not be responsible for any exercise of the right to vote or right to consent or any failure to exercise the right to vote or right to consent.

(k) Notwithstanding the provisions of the above paragraph of the Charge entitled INSURANCE, obligations of the Chargor to insure, keep and maintain insurance, to assign and deliver the policy or policies of insurance and all renewal receipts and evidence thereto appertaining, may be performed by the Condominium Corporation rather than the Chargor and the proceeds of such insurance may be payable in accordance with the provisions of the Declaration and By-laws of the Condominium Corporation. Forthwith upon the happening of any loss or damage the Chargor shall comply with the provisions of the policy or policies of insurance and with the insurance provisions of the Declaration and By-laws and as a member of the Condominium Corporation shall seek full compliance by the Condominium Corporation with such provisions.

(l) After the Chargee has requested the Chargor to so do, the Chargor shall pay to the Chargee on each Payment Date, a prorated portion of the Chargor's required contributions to common expenses next to become due and payable as estimated from time to time by the Chargee so that the Chargee shall have sufficient funds on hand to pay such contributions before the due date for the payment thereof, and if the Chargor's share of common expenses for any year as finally determined exceeds the estimate of the Chargee for that year, the Chargor shall pay to the Chargee forthwith on demand the amount required to make up the deficiency. The Chargee shall not thereby assume any obligations for the payment of such common expenses except as to the application thereto of moneys actually received from the Chargor, but no such moneys shall be held in trust, the Chargee shall not be obligated to pay any interest or other allowance thereon, and after the happening of default under any of the provisions of this Charge, the Chargee shall be entitled at the option of the Chargee to apply any such moneys then held by the Chargee and not theretofore applied on account of such common expenses in or towards the satisfaction or such part or parts of the Chargor's then indebtedness hereunder as the Chargee in the sole discretion of the Chargee shall deem advisable.

23. AMENDMENTS AND RENEWALS

The Chargee may from time to time enter into a written agreement with the Chargor amending the Charge (which may increase the rate of interest payable under the Charge), notwithstanding that there may be subsequent encumbrancers. No such agreement need be registered on title in order to retain priority for the Charge as so altered over any instrument registered after the Statutory Form. If the Chargor is not in default under the Charge, the Chargee may be renewed by the Chargee at maturity for another term determined by the Chargee by an offer in writing (the "Offer") to the Chargor. The Chargor shall be deemed to have accepted the terms of the Offer unless the Chargor notifies the Chargee in writing at least ten (10) days before the maturity date of the Charge that the Offer is not accepted. Nothing contained in this paragraph shall confer any right of renewal upon the Chargor. The Chargee may charge the Chargor a Renewal Fee for the preparation and processing of documents in connection with such renewal. The Renewal Fee shall be payable upon demand and shall be a charge on the Lands and shall be added to the Principal Amount and bear interest at the Interest Rate.

24. NON-APPORTIONMENT

Every part or lot into which the Lands are now or may later be divided does and shall stand charged with the payment of all amounts secured by the Charge and no person shall have any right to require such amounts to be apportioned upon or in respect of any such part or lots.

25. PREPAYMENT PRIVILEGE

(a) The following prepayment privileges shall apply, provided the Chargor is not in default hereunder and provided the building on the Lands is a single- family dwelling. (i) The Chargor may make a prepayment of principal in an amount of up to 20% of the original principal amount of the Mortgage on any anniversary date of the Mortgage without notice, bonus, or penalty. This prepayment privilege is not cumulative year to year, which means that if it is not used, it cannot be carried forward and used in a later year. As well, this prepayment privilege does not apply in circumstances where an amount greater than 20% of the original principal amount of the Mortgage is prepaid, in which case clause (ii) hereof applies to the entire amount prepaid. (ii) The Chargor may pay all or a portion of the amount owing under the Mortgage upon the payment of an additional 6 months interest on the amount so paid.

(b) These prepayment privileges shall remain in effect only for the original term of this Charge and not for any renewal thereof unless expressly provided in writing upon renewal

26. DISCHARGE OF MORTGAGE

After payment in full of all amounts payable under the Charge and the Chargor is in compliance with all of the Chargor's obligations under the Charge, the Chargor may request in writing a mortgage statement for the purpose of preparing a discharge of the Charge and upon payment of all legal and other expenses incurred by the Chargee for the preparation, execution and delivery of such discharge (including the Chargee's usual fee for providing such services) the Chargee shall deliver such document to the Chargor. Interest will continue to run and accrue until actual payment in full of all amounts payable has been received by the Chargee. The Chargee may, at its option, request that a discharge of the Charge be prepared by the Chargor and the Chargee may accept such discharge, provided the Chargee receives an administration fee form the Chargor for the processing and execution of such discharge.

27. TRANSFER OF CHARGE

If the Chargor directs the Chargee to transfer the Charge to a third party upon payment in full of all amounts payable under the Charge, then, subject to applicable law, the Chargee shall in addition pay all of the Chargee's costs and expenses incurred in preparing, reviewing or executing the transfer and any related documentation together with an administration fee in the amount established from time to time by the Chargee.

28. DEALINGS WITH CHARGOR AND OTHERS

The Chargee may grant extensions of time and other indulgences to the Chargor or anyone claiming under him and otherwise deal with the owner of the equity of redemption without prejudice to the rights of the Chargee against the Chargor, or any covenantor, guarantor, surety or any other person liable for the payment of the moneys hereby secured.

29. ASSIGNMENT OF RENTS

(a) As additional security, in consideration of the sum of One Dollar and other good and valuable consideration now paid by the Chargee to the Chargor (the receipt whereof is hereby acknowledged) the Chargor hereby gives, grants, assigns, transfers and sets over unto the Chargee all rents, both present and future, payable under any leases and agreements now or hereafter affecting the Lands and premises together with all right, benefit and advantage to be derived therefrom to have and to hold the same unto the Chargee, its successors and assigns, absolutely.

(b) Nothing herein contained shall be deemed to have the effect of making the Chargee responsible for the collection of the Rents or any part thereof or for the performance of any of the covenants, provisions, stipulations, terms or conditions either by the Lessee or by the Lessor and the Chargee shall not by virtue of these presents be deemed to be a Chargee in possession of the Lands and premises.

(c) The Chargee shall be liable to account for only such monies as may actually come into its hands by virtue of these presents after deduction of all collection charges, inspection fees and other expenses to which the Chargee may be put in respect thereof and that such monies when so received by it, shall be applied on account of the said Charge to which these presents are taken as collateral security.

(d) The Chargee shall not exercise its rights covered by these presents until such time as the Chargor shall make default in any of the terms and provisions of the Charge and on the part of the Chargor to be performed thereunder. The Chargor hereby acknowledges and agrees that the decisions of the Chargee as to whether or not there has been any such default shall be final and conclusive and binding in every respect upon the Chargor.

30. LEASEHOLD CHARGE

(1) This section applies if the interest charged shown in the charge form is or includes a leasehold interest.

(2) The Chargor represents to the Chargee that

- (a) the lease is owned by the Chargor subject only to those charges and encumbrances that are registered in the land titles office at the time the Chargor signs the charge form;
- (b) the lease is in good standing;
- (c) the Chargor has complied with all the Chargor's promises and agreements contained in the lease;
- (d) the Chargor has paid all rent that is due and payable under the lease;
- (e) the lease is not in default; and

(f) Chargor has the right to charge the lease to the Chargee.

(3) The Chargor will

(a) comply with the lease and not do anything that would cause the lease to be terminated;

(b) immediately give to the Chargee a copy of any notice or request received from the landlord;

(c) immediately notify the Chargee if the landlord advises the Chargor of the landlord's intention to terminate the lease before the term expires; and

(d) sign any other document the Chargee requires to ensure that any greater interest in the land that is acquired by the Chargor is charged by this Charge.

(4) Any default under the lease is a default under this Charge.

(5) The Chargor promises the Chargee that the Chargor will not, without first obtaining the written consent of the Chargee

(a) surrender or terminate the lease; or

(b) agree to change the terms of the lease.

(6) The Charge may perform any promise or agreement of the Chargor under the lease.

(7) Nothing done by the Chargee under this section will make the Chargee a chargee in possession.

(8) If the Chargor shall, at any time prior to payment in full of all monies secured hereby, acquire title in fee simple to the Lands and premises of any other greater estate in the Lands and premises demised by the lease, then the charge of this Charge shall automatically attach, extend to and charge such title or greater estate.

31. WAIVER

At any time after default the Chargee may waive such default in writing, but any waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

32. COMPLIANCE WITH LAWS

The Mortgagor shall comply with all applicable rules, laws, and regulations, including environmental protection laws, and shall not commit any act, omit to do anything, or use the Lands in such a manner as to result in a breach of said laws. The Lands shall be used for residential purposes only, and shall not be used for the storage of any hazardous materials. The operation of oil or natural gas wells shall not be permitted on the Lands. The Mortgagor will promptly notify the Mortgagee of any event or fact coming within his or her knowledge which may constitute or result in a breach of said laws, and shall indemnify the Mortgagee from all claims, expenses, and costs (including cleanup costs) resulting from such non-compliance.

33. MATRIMONIAL HOME

Forthwith after any change or happening affecting the spousal status of the Chargor or the qualification of the Lands as a matrimonial home within the meaning of Part III of the Family Law Reform Act, as amended or substituted from time to time, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of any spouse who is not an owner of the Lands but who has a right of possession therein by virtue of section 40 of the said Act. In furtherance of such intention, the Chargor agrees to furnish the Chargee with such evidence in connection with the Chargor's spousal status and/or the qualification of the Lands as a matrimonial home as the Chargee shall from time to time request. The Chargee receives an administration fee from the Chargor for the processing and execution of such discharge.

DATED this 24 day of October 20 06.

HSBC Finance Mortgages Inc.

Per: ______________________
Authorized Signing Officer
Richard C. Henderson - President

Per: ______________________
Authorized Signing Officer
Elaine J. Cormack - Assistant Secretary

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200640 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200641 Cote
Filing Date Oct-31-2006 Date de Dépôt
Page 1 of/de 29 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

FirstLine
MORTGAGES

Standard Charge Terms

Land Registration Reform Act

Filed By:	CIBC Mortgages Inc.
Filing Number:	
Filing Date	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the *Act*.

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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms.

Mortgage means

- the registered document which is the part of this mortgage that is or will be registered against the title to your property;
- this set of Standard Charge Terms;
- any Schedules that are attached to the registered document; and
- any renewals or amendments.

You and **your** mean each person, corporation, and other entity who has signed the mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity.

We, **us**, and **our** mean CIBC Mortgages Inc. trading as FirstLine Mortgages.

CIBC means Canadian Imperial Bank of Commerce.

Your property means the land described in the registered document. It includes all buildings and structures on the land now or added later, as well as anything attached now or later to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount is the amount of money identified as the principal amount in the registered document.

Fixed loan means the amount of money advanced to you under this mortgage at a fixed rate of interest shown on the schedule.

Fixed loan amount means the amount of money you owe at any given time under the fixed loan.

Initial fixed loan amount is the amount shown in the schedule as the "initial fixed loan amount."

Variable loan means the line of credit secured by this mortgage on which interest is payable at a floating rate of interest based on the CIBC Prime Rate as shown in the schedule. The credit limit of the variable loan at any given time is equal to the principal amount less the fixed loan amount.

Variable loan amount means the amount of money you owe at any given time under the variable loan.

Variable loan debt means all your present and future debt to us in connection with the variable loan. This debt could include interest, insurance premiums, service charges and other amounts payable under the variable loan as stated in the mortgage.

Integrated loan amount means the total of the following amounts:

- the principal amount;
- interest as required by this mortgage;
- interest on unpaid interest; and
- all other amounts that you must pay under this mortgage.

Interest Adjustment Date is the date identified as the interest adjustment date in the registered document. The interest adjustment date is one payment period before the first regular payment date.

CIBC Prime Rate is the annual variable reference rate of interest that CIBC declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Your regular payment means the amount of each payment as described in the registered document.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

Mortgage Year means the 12-month period following the interest adjustment date and each anniversary of the interest adjustment date.

2. What this mortgage does

By signing the mortgage, you charge your entire interest in your property to us. In return, we make a loan to you that consists of:

- the initial fixed loan amount or any part of the fixed loan amount that is advanced to you from time to time; and
- a variable loan amount that is available to you.

This means that your interest in your property is security to us for repayment of the integrated loan amount and your performance of all your obligations under the mortgage.

You agree to pay the integrated loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage, including paying all taxes on your property.

2.1 Maximum amount secured

The maximum amount secured under this mortgage is the integrated loan amount.

2.2 Continuing security (applies to the variable loan)

Your security under this mortgage, whether or not it secures a revolving or fluctuating balance, is continuing security for the variable loan debt even if any of the following occurs:

- there is any change in the amount or nature of the variable loan debt or any accounts relating to the variable loan debt; or
- the variable loan debt is reduced to zero.

This means that the mortgage will not be considered to have been discharged if either of these occurs.

2.3 Accessing your variable loan

You can access the variable loan in a variety of ways, including cheques, internet banking, telephone transfers and by pre-authorized debit. All cheques or withdrawals may only be in Canadian funds.

All transfers of funds from the variable loan to any other account are treated as increases to the variable loan debt. Transfers can be made to another account with CIBC, its affiliates, or any other entity.

Funds withdrawn on the variable loan through internet or electronic banking will be withdrawn on the date you instruct us to withdraw the funds. Not all financial institutions process electronic transactions within the same time period. As a result, you should give withdrawal instructions several business days before the date you wish the funds to be transferred to another account. We will not be responsible for processing delays by other financial institutions.

2.4 Multiple fixed loans

You cannot have multiple fixed loans secured by this mortgage.

2.5 Your interest in your property

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this mortgage.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately. If you do not pay them, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

2.6 Who is obligated by this mortgage

The obligations under this mortgage are the collective and individual responsibility of each person, corporation or other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage and paying the entire loan amount, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Our successors and anyone to whom we transfer this mortgage is also obligated by this mortgage.

2.7 Changing or renewing this mortgage
(also important to anyone who has a subsequent interest in your property)

We may make written agreements with you to change any part of this mortgage. These agreements could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the mortgage. Even if we do not register these agreements, this mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the mortgage.

Any new agreement we make with any borrower or any other person who is obligated to pay the integrated loan amount will not release or affect the liability of others who are obligated under this mortgage, even if they do not sign or are not advised of the new agreement.

Anyone having a subsequent interest in the property is obligated under this mortgage for the repayment of the integrated loan amount. This is the case even if the principal amount is not fully advanced or whether the integrated loan amount is reduced to zero.

2.8 Making material changes

Any agreement, whether verbal or in writing, to make material changes to the mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original mortgage agreement, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the mortgage.

2.9 Mortgages with deposits (applies to the fixed loan)

If required under the terms of your fixed loan, you will deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the initial fixed loan amount advanced. You will earn interest on this deposit at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days of the date of funding. If this is not done, you authorize us to apply the deposit on account of the fixed loan amount and the monthly payment will be adjusted to reflect the lower fixed loan amount. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

3. Interest

3.1 Interest on the fixed loan

The interest rate on the fixed loan is shown in the schedule. Interest is payable at the frequency shown in the schedule.

Interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is payable on the fixed loan amount at this rate until the total loan amount has been paid, both before and after the balance due date in the schedule, before and after default, and before and after we obtain any court judgment against you.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

If you do not make the regular mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is the rate shown in the schedule for the fixed loan and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

3.2 *Interest on the variable loan*

The interest rate on the variable loan will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown in the schedule for the variable loan. The CIBC Prime Rate will vary from time to time. The principal and interest payment will be recalculated every time the CIBC Prime Rate changes, based on the current mortgage rate and the remaining amortization period of the mortgage.

The interest rate will change **automatically** every time there is a change in the CIBC Prime Rate. These changes will occur without you being notified. You can find out what the CIBC Prime Rate is on any given day by calling us toll free at 1-800-970-0700 in Canada or by visiting our web site at www.firstline.com.

Because the interest rate on your variable loan will change from time to time, the interest rate in effect at any given time is called your current mortgage rate for the variable loan portion of the mortgage.

Interest is payable monthly as shown in the schedule and is compounded monthly based on the daily balance of your variable loan debt. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

We charge you interest on all amounts you borrow on your variable loan. We charge interest from the day we record the transaction until the day we receive the amount you owe. Interest is shown on your monthly statement. Interest that accumulates before we receive your payment will appear on your next monthly statement. You must pay interest both before and after any of the following events:

- we ask you to pay the total amount you owe on your variable loan;
- you do not meet your obligations under this mortgage;
- you become bankrupt or insolvent;
- you have any legal action taken against you or your property; or
- we obtain a court order instructing you to pay us the money you owe.

The information in Appendix 1 is provided to you since the interest rate charged on the variable loan may be expressed other than as a semi-annual calculation and because the interest rate may change from time to time. For each current mortgage rate calculated monthly not in advance, you can find what the equivalent interest rate is calculated half-yearly not in advance.

If there is a need to prove the CIBC Prime Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

3.3 *Interest on amounts advanced to you before the interest adjustment date (applies only to the fixed loan)*

Interest on any part of the fixed loan that we advance to you before the interest adjustment date will be calculated semi-annually not in advance at the rate for the fixed loan shown in the schedule, on the date of advance.

3.4 *Interest adjustment when payment frequency changes*

(Applies only to the fixed loan)

If you are not in default on your loan, you may change your payment frequency to any of the options available for your type of mortgage at the time you make the change. If you choose to change your payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your loan, or we may add the interest adjustment and administration or processing fees to the fixed loan amount, or we may do both.

3.5 *U.S.A. resident*

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us.

In these cases, the interest rate on your mortgage is or will be based on our normal lending rates multiplied by 1.1111. This is done to cover our obligations to remit this tax to the U.S.A. tax authorities.

We may change this formula any time during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority in the U.S.A., makes a change to the amount of tax to be paid.

For example, if you are a resident of the U.S.A. when you sign the mortgage, and the normal lending rate is 6.250% a year, your interest rate will be 6.944% a year. This is equal to 6.250% x 1.1111.

Or, if you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% a year, your new interest rate will be 6.944% a year, which is equal to 6.250% x 1.1111.

4. Payments on the fixed loan amount

4.1 *Currency and place of payment*

You will pay the fixed loan amount to us in Canadian dollars at the address shown on the registered documents.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 *Bank account for payments*

You must maintain a bank account that is satisfactory to us with a Canadian financial institution and give us authorization to automatically deduct each payment of principal, interest, taxes, life insurance premiums (if applicable) and any other optional services you have selected when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your loan, or add these fees to the fixed loan amount, or do both.

4.3 *Regular payments*

You must make regular payments to us for the principal and interest on the fixed loan.

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The amount of each payment and the payment dates are shown in the schedule. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the fixed loan amount on the balance due date. You can find the balance due date in the schedule.

4.4 *Payments on amounts advanced to you before the interest adjustment date*

We may advance to you part of the principal amount before the interest adjustment date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the interest adjustment date:

- we may ask you to pay the interest on this amount on the interest adjustment date;
- we may deduct the interest from your bank account on the interest adjustment date;
- we may deduct the interest from the remaining amount of the fixed loan that we advance to you; or
- we may deduct the interest from your bank account on the first fixed loan payment date.

4.5 *Payment on default*

If you do not meet one or more of your obligations under the mortgage, including your obligation to make payments, you must immediately pay to us all outstanding amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest, taxes, life insurance premiums (if applicable) and any other optional services you have selected on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the fixed loan amount. We may also use any of our rights stated in section 4.6 below.

4.6 *Demand to repay the integrated loan amount immediately*

We may require you to repay the total integrated loan amount immediately if:

- you do not make any payment required by the mortgage;
- you do not meet one or more of your obligations under the mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this mortgage, or when you applied for the mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days;
- your property is abandoned;
- you are unable to pay your debts when they are due or you become bankrupt or insolvent; or
- you do not make any payment or meet your obligations under any other loan with us, CIBC, or the affiliates of either us or CIBC, even if the loan is not secured by this mortgage.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this mortgage.

4.7 *How we apply your fixed loan payments*

We will apply each regular fixed loan payment we receive from you in the following order:

1. To pay any life insurance premiums on the mortgage, if any.

2. To bring into good standing any accounts related to the mortgage for which we are holding funds for payment to others, including tax accounts.
3. To pay for the cost of optional services made available by us and selected by you.
4. To pay any collection expenses or any applicable administration and processing fees.
5. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the principal amount accumulated up to, but not including, the payment date.
6. To reduce the principal amount.

However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

4.8 Changing the amount of your fixed loan payments

Each mortgage year, you have the privilege of increasing the amount of your regular fixed loan payment by up to 25% of the amount of your original fixed loan payment without paying a prepayment charge. The original fixed loan payment amount for principal and interest is shown in the schedule.

Once each mortgage year you may also decrease the amount of your regular fixed loan payment, but only if the amortization period for the mortgage which results from that decreased payment amount does not exceed the remaining amount of time left in the original amortization for the fixed loan.

In all cases, your payment for principal and interest on the fixed loan may never be less than your original fixed loan payment for principal and interest, as shown in the schedule.

These privileges are non-cumulative. This means that you cannot carry forward unused allowable increases or decreases in payments to future mortgage years.

To qualify for increasing or decreasing your payments, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.9 Prepaying your fixed loan without paying a prepayment charge

Each mortgage year, you may prepay up to 20% of the initial fixed loan amount without paying a prepayment charge.

The following conditions apply:

- you may only make a prepayment on a regular fixed loan payment date;
- the minimum prepayment is $100.00;
- if you do not use any or all of this privilege in a mortgage year, you cannot carry forward any unused portion of the privilege to a future mortgage year;
- this right of prepayment without paying a prepayment charge does not apply if you prepay the entire fixed loan amount, even if you have not used this privilege in the mortgage year when the fixed loan amount is paid off;
- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.10 Prepaying your fixed loan with prepayment charges

If you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply. Prepayment charges will be payable in addition to regular interest at the rate specified in the schedule on the fixed loan amount and, where applicable, interest in connection with payments we have not processed between the date on which you made your last regular payment and the prepayment date.

Ordering the mortgage payout statement

If you want to prepay the **entire** outstanding principal amount of your fixed loan, you can ask us to provide you with a statement of the amount required to pay off your fixed loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular fixed loan payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your fixed loan on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all fixed loan payments, and any other payments, that we did not process between the date we prepared the fixed loan payout statement and the Statement Effective Date.

After the end of the fifth year of your mortgage

If the term of your fixed loan is greater than five years and you are not a corporation, you may prepay the entire outstanding principal amount of the fixed loan at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay. Interest costs will be calculated at your fixed loan interest rate that is in the schedule on the fixed loan amount.

Before the end of the fifth year of your mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

If you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply. This prepayment charge will be payable in addition to regular interest at the rate specified in your mortgage. The prepayment charge will be the higher amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount that is subject to a prepayment charge, calculated at your existing annual fixed loan interest rate on the date of prepayment (plus any discounts you received on your existing annual fixed loan interest rate); or
- the interest rate differential amount.

If you are making a **partial** prepayment of the fixed loan amount (that is more than the 20% allowed in any mortgage year), the interest rate differential amount is the **difference** between the following two amounts:

1. The interest costs on the amount prepaid charged from the prepayment date to the maturity date of your fixed loan. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from the prepayment date to the maturity date of your fixed loan. Use the chart below to find out what interest rate would be used in calculating the reinvestment rate.

If the length of time between the prepayment date and the maturity date of your fixed loan is	We will use the posted interest rate charged by us on the date of prepayment for
Less than 9 months	FirstLine Mortgages Auto 6 Plus mortgages
9 months or greater and less than 18 months	FirstLine Mortgages Auto 12 Plus mortgages
18 months or greater and less than 30 months	2 year FirstLine Mortgages Matrix fixed loans
30 months or greater and less than 42 months	3 year FirstLine Mortgages Matrix fixed loans
42 months or greater and less than 54 months	4 year FirstLine Mortgages Matrix fixed loans
54 months or greater and less than 78 months	5 year FirstLine Mortgages Matrix fixed loans
78 months or greater and less than 102 months	7 year FirstLine Mortgages Matrix fixed loans
102 months or greater and less than 150 months	10 year FirstLine Mortgages Matrix fixed loans
150 months or greater and less than 180 months	15 year FirstLine Mortgages Matrix fixed loans

If you are prepaying **all** of the outstanding fixed loan amount, the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from your last scheduled regular fixed loan payment date which falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your fixed loan. The interest costs are calculated at your existing annual fixed loan interest rate (plus any discount you received on your existing annual fixed loan interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from your last scheduled fixed loan payment date that falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your fixed loan. Use the chart below to find out what interest rate would be used to calculate the reinvestment rate:

If the length of time between the statement effective date and the maturity date of your fixed loan is	We will use the posted interest rate charged by us on the date the fixed loan payout statement is generated for
Less than 9 months	FirstLine Mortgages Auto 6 Plus mortgages
9 months or greater and less than 18 months	FirstLine Mortgages Auto 12 Plus mortgages
18 months or greater and less than 30 months	2 year FirstLine Mortgages Matrix fixed loans
30 months or greater and less than 42 months	3 year FirstLine Mortgages Matrix fixed loans
42 months or greater and less than 54 months	4 year FirstLine Mortgages Matrix fixed loans
54 months or greater and less than 78 months	5 year FirstLine Mortgages Matrix fixed loans

If the length of time between the statement effective date and the maturity date of your fixed loan is	We will use the posted interest rate charged by us on the date the fixed loan payout statement is generated for
78 months or greater and less than 102 months	7 year FirstLine Mortgages Matrix fixed loans
102 months or greater and less than 150 months	10 year FirstLine Mortgages Matrix fixed loans
150 months or greater and less than 180 months	15 year FirstLine Mortgages Matrix fixed loans

4.11 Prepayments if the property has more than four living units or if the property is used for commercial, industrial or non-residential purposes

If your property has more than four living units or is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

4.12 Prepayment charges for U.S.A. residents

If you are a resident of the United States of America (U.S.A.) for tax purposes at the time you prepay your mortgage, any prepayment charges may be considered as "interest" for U.S.A. tax purposes. In these cases, we have the right to increase the prepayment charge by multiplying it by 1.1111 to cover the tax which may be imposed by the U.S.A. tax authorities on your prepayment charges.

4.13 Date of the mortgage

You agree that for purposes of defining the date of the mortgage for any statutory right of prepayment, renewal or early renewal, the date of the mortgage is the interest adjustment date shown in the registered document. This is the case even if the mortgage or renewal agreement or early renewal agreement was signed on a different date.

5. Payments on the variable loan amount

5.1 Currency and place of payment

You will pay the loan amount to us in Canadian dollars at the address shown on the registered documents.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

5.2 Bank account for payments

You must maintain a bank account that is satisfactory to us with a Canadian financial institution and give us authorization to automatically deduct each payment of principal, interest, taxes, life insurance premiums (if applicable) and any other optional services you have selected when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your loan, or add these fees to the variable loan amount, or do both.

5.3 Regular payments

Until we demand payment of the total variable loan debt, you must make regular monthly payments of interest only on the variable loan amount. The minimum payment is $50 plus applicable life insurance premiums and service charges. If the variable loan amount is less than $50, you must pay the entire variable loan amount together with applicable life insurance premiums and services changes on the next variable loan payment date.

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5.4 *Additional payments*

You can make additional payments on the variable loan amount at any time.

5.5 *Monthly statements*

For your information and convenience, monthly statements dated the 18th day of each month will be made available to you showing the required payment on the variable loan for the period covered by the statement. Each monthly payment is due 21 days after the date of the statement, whether or not you have accessed or received your monthly statement. If the payment due date is a holiday or weekend, the payment may, at our option, be processed on the next business day.

You must report any errors or omissions on the monthly statement to us, in writing, within 30 days of the date of the statement. After that 30th day, the monthly statement will be final (except for any improper credits), and you may not make any claims against us in connection with the monthly statement.

You must report to us immediately if your cheques or any card you use to access your variable loan are lost or stolen, or if you suspect that they have been lost or stolen.

5.6 *How we apply your payments*

We may apply any money that we get to reduce your variable loan debt as we see fit (unless you and we sign an agreement to the contrary) and any credit balance may, at our option, be applied to any other part of the integrated loan amount in the order shown in section 4.7 above.

5.7 *Demand for payments*

We may demand that you repay the total variable loan amount at any time. If we do this, we will make demand either by delivering the demand to you personally or mailing it (by first class mail) to the address shown in our records. You will be considered to have received the demand letter on the date of delivery or the fifth day after we mail it.

Your giving us this mortgage does not prevent us from using any other means to obtain repayment of the variable loan debt.

5.8 *If you fail to make a payment when it is due*

If at any time you do not pay any amount due under the mortgage (whether for the variable loan or the fixed loan) or fail to meet any of your obligations under the mortgage, we may, at our discretion:

- refuse to advance any further credit under the variable loan;
- refuse any withdrawal on the variable loan;
- cap the variable loan amount; and
- require you to convert the variable loan amount into the fixed loan under the conditions stated in section 8 below.

If a withdrawal would exceed the principal amount less the fixed loan amount we may refuse the withdrawal on the variable loan or require immediate repayment of the amount that is more than the principal amount less the fixed loan amount.

If you do not make a payment when it is due or do not meet any of your obligations in this mortgage, in addition to interest, we may impose charges for the purpose of recovering any reasonable costs we incur for the following:

- for legal services retained to collect or attempt to collect the payment;
- in realizing on any security interest or in protecting such security interest, including the cost of legal services retained for that purpose; and
- any service charges.

You must pay us these amounts immediately. If you do not, we may declare that you are in default on your loan, or add these amounts to the variable loan amount, or do both.

5.9 Insurance premiums

You will pay insurance premiums (if any) and applicable taxes as well as service charges relating to your variable loan. Insurance premiums and service charges may be changed from time to time and will be reflected on your monthly statement.

6. Re-advances of the fixed loan

At your request, we may from time to time re-advance any amount of the initial fixed loan amount which has been repaid by you to us. Any re-advance is at our sole discretion.

Any re-advance, when taken together with the outstanding fixed loan amount, cannot be more than the initial fixed loan amount. Also, at any given time, the integrated loan amount cannot be more than the principal amount.

All of the terms and conditions of the mortgage will apply to all amounts re-advanced under the fixed loan.

If the re-advance causes the amortization schedule of the fixed loan to increase beyond the amortization period remaining on the date of the re-advance, we may require that you increase the amount of your regular fixed loan payments.

7. Early renewal of the fixed loan

(applies ONLY to the fixed loan)

If the mortgage is amended to extend the fixed loan term, the date of the mortgage for the purpose of any rights of prepayment will be the first day of the last extension of time. All of the prepayment conditions stated in these Standard Charge Terms will continue to apply.

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you cannot renew your mortgage early.

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may renew the mortgage before the balance due date. However, the following conditions apply:

- you must have met all your obligations under the mortgage;
- you must apply to us in writing;
- you must select from the mortgage options that we offer under the FirstLine brand at the time you apply for early renewal;
- you must sign a mortgage amending agreement or an early renewal agreement, in a form acceptable to us, which will contain all of the changed terms and conditions;
- the fixed loan interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage amending agreement or the early renewal agreement;
- you must pay us any administration and processing fees that apply to early renewal;
- you must pay us applicable prepayment charges as if the fixed loan amount is prepaid in full at the time of the early renewal;
- you must pay us any accumulated interest that results from a change in the frequency of your regular fixed loan payments, as well as any deferred interest; and
- you must pay all legal expenses related to the early renewal of your mortgage, including the costs of registration of the renewal documents.

You must pay us all amounts related to the early renewal immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the fixed loan amount, or we may do both.

8. Converting your variable loan
(applies ONLY to the variable loan)

If you have met all of your obligations under the mortgage and your property contains no more than four living units or is a single residential condominium unit, then you may convert any or all of the variable loan into fixed loan. The result will be that the fixed loan amount increases and the variable loan amount decreases.

The following conditions apply:

you can only convert on a regular payment date;

you must apply in writing to use this right of conversion.

If you convert all or part of the variable loan into fixed loan, you must select from the fixed loan options and terms that we offer under the FirstLine brand at the time that you apply for conversion.

If, in addition to converting all or a portion of the variable loan into fixed loan, you extend the term of the fixed loan amount, this will be considered an early renewal of the fixed loan amount as described in section 5 above.

You must sign a mortgage amending agreement/early renewal agreement acceptable to us, which will contain all amended terms, conditions and provisions of the new fixed loan.

The interest rate you will pay on the converted portion of the fixed loan will be our interest rate in effect for the fixed loan term that you select on the date that you sign the mortgage amending agreement or early renewal agreement.

You agree to pay us all applicable processing and administration fees including any applicable prepayment charge on the fixed loan amount at the time of conversion, together with any accumulated interest that results from changing the frequency of the regular fixed loan payments to be made.

You also agree that you will pay all legal expenses with respect to the conversion documentation and its registration if we choose to register the documentation.

In addition, if you fail to make any payments due under the mortgage we may, upon written notice **require** you to convert any or all of the variable loan amount into fixed loan amount. In these cases, we will select a term and payment frequency from the fixed loan terms and payment options that we offer at the time that we require the conversion and you agree to sign a mortgage amending agreement or early renewal agreement acceptable to us that will contain all amended terms and conditions of the mortgage. The fixed loan interest rate payable by you will be our interest rate for the fixed loan term we select, in effect at the date of such selection.

You agree to pay us all applicable processing and administration fees including any applicable prepayment charge on the fixed loan amount at the time of conversion, together with any accumulated interest that results from changing the frequency of the regular fixed loan payments to be made. You also agree that you will pay all legal expenses with respect to the conversion documentation and its registration if we choose to register the documentation.

You must pay us these amounts shall be immediately. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the variable loan amount, or do both.

The prepayment charge for converting your mortgage will be payable in addition to regular interest at the rate specified in your mortgage. The prepayment charge will be the higher amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount that is subject to a prepayment charge, calculated at your existing annual fixed loan interest rate on the date of prepayment (plus any discounts you received on your existing annual fixed loan interest rate); or

- the interest rate differential amount.

If you are making a **partial** prepayment of the fixed loan amount (that is more than the 20% allowed in any mortgage year), the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from the prepayment date to the maturity date of your fixed loan. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from the prepayment date to the maturity date of your fixed loan. Use the chart below to find out what interest rate would be used in calculating the reinvestment rate:

If the length of time between the prepayment date and the maturity date of your fixed loan is:	We will use the posted interest rate charged by us on the effective date of prepayment for:
Less than 9 months	FirstLine Mortgages Auto 6 Plus mortgages
9 months or greater and less than 18 months	FirstLine Mortgages Auto 12 Plus mortgages
18 months or greater and less than 30 months	2 year FirstLine Mortgages Matrix fixed loans
30 months or greater and less than 42 months	3 year FirstLine Mortgages Matrix fixed loans
42 months or greater and less than 54 months	4 year FirstLine Mortgages Matrix fixed loans
54 months or greater and less than 78 months	5 year FirstLine Mortgages Matrix fixed loans
78 months or greater and less than 102 months	7 year FirstLine Mortgages Matrix fixed loans
102 months or greater and less than 150 months	10 year FirstLine Mortgages Matrix fixed loans
150 months or greater and less than 180 months	15 year FirstLine Mortgages Matrix fixed loans

9. Automatic renewal of the mortgage (applies ONLY to the fixed loan)

You agree to either pay all money owing under the mortgage on the maturity date or, if a renewal agreement has been provided, to return the signed renewal agreement on or before the maturity date. If you do not, the mortgage will be considered to be renewed for the shortest period we offer at the time for the fixed loan of our product under which this mortgage is granted. The interest rate will be the posted fixed loan interest rate for the term and with the terms and conditions stated in the renewal agreement.

10. Your obligations related to your property

10.1 Leases and Rents

You certify that your property is intended to be used as owner-occupied residential premises and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property.

If you do not meet one or more of your obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the full integrated loan amount immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the fixed loan amount or the variable loan amount. We have the right to decide whether to add these payments to the fixed loan amount or the variable loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property. We will be accountable for rent only when we actually receive it.

Nothing we do under this section will be considered as us taking possession of your property.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

10.2 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

10.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

10.4 Insurance
(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your mortgage, or add the amount to the fixed loan amount, or variable loan amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the fixed loan amount, or the variable loan amount, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you.

10.5 Property taxes

On or before the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay current or future taxes.

After the interest adjustment date, you agree to pay us, on each regular payment date, a tax instalment in an amount based on the estimated annual taxes that will be payable for the year following that regular payment date. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments.

If you want to take advantage of any discount or to avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices. If you do not pay us, we will add these costs to the loan amount.

We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

If you do not meet any one or more of your obligations under the mortgage, we may apply any money that we have received for property taxes to any portion of the loan amount. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay property taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must repay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to any portion of the fixed loan amount or the variable loan amount. If, for any reason, you do not pay the taxes when required, then we will require that you pay the property taxes to us as described above.

10.6 Repairs

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

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You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may declare that you are in default on your mortgage, or add the costs to the fixed loan amount or the variable loan amount, or do both.

10.7 Hazardous or illegal substances, environmental regulations, and illegal activities

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of these this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we enforce our rights under this section, we will not be considered to have taken possession, management or control of your property. This also applies to our agents.

10.8 Ontario New Home Warranties Plan Act

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

10.9 Possession of your property on default

You certify to us that if you fail to meet any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference.

11. Condominium

(applies ONLY to property that is a condominium unit)

11.1 Compliance with the Condominium Act, 1998

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

11.2 Payment of amounts and common expenses

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the fixed loan amount or the variable loan amount, or do both.

11.3 Notices and demands

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

11.4 Voting rights

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the

application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

11.5 Acceleration of repayment of the integrated loan amount

At our option, the integrated loan amount will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws or rules and regulations;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements as required by section 11.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

11.6 Insurance

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or
- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

12. Our rights

12.1 *We are under no obligation to make advances to you under the mortgage*

We may, for any reason, decide not to advance you all or any part of the principal amount, even if:

- you have signed this mortgage;
- this mortgage has been registered; or
- we have already given you part of the principal amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the mortgage. These costs will include legal fees, charged on a "substantial indemnity" basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the mortgage, or add them to the fixed loan amount or the variable loan amount, or do both.

12.2 *Releasing your property from the mortgage*

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the integrated loan amount. Your obligations, and the obligations of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the integrated loan amount.

12.3 *Enforcing our rights*

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the mortgage or Integrated loan amount, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property**. We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference. We will add any costs incurred to the fixed loan amount or the variable loan amount.
- **Appoint a receiver**. We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
    - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
    - its own commission as receiver;
    - all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing;
    - interest owing under the mortgage; and
    - all or any part of the Integrated loan amount, whether it is due or not.
- **Sue you**. We may take any action that is necessary to collect the integrated loan amount.
- **Lease your property or collect rents**. If you are in default on the mortgage for

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more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the Integrated loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the integrated loan amount in full, you must pay us the difference.

- **Power of sale**. If you are in default on the mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale (after paying all costs and expenses) to reduce any part of the integrated loan amount. We will only be responsible for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the integrated loan amount in full, you must pay us the difference.
- **Foreclosure or sale**. We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the integrated loan amount, you must pay us the difference.
- **Cure any defaults**. We can cure any defaults under the mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

12.4 Delay in enforcing our rights

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the mortgage;
- require payment of the loan amount if you are in default; and
- require any other person, including a guarantor, who has obligations under the mortgage, to meet those obligations.

If you are in default, we may require you, or anyone else who is obligated by this mortgage, including any guarantor, to pay the total integrated loan amount.

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12.5 If we do not enforce our rights on a particular default

In some cases, we may not enforce our rights on a particular default by you or a guarantor. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

12.6 Court orders and judgments

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage, including our right to receive interest as required by the mortgage.

12.7 Doctrine of consolidation

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

12.8 Administration and processing fees

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of your mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the fixed loan amount or the variable loan amount. We will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your mortgage, or add these fees to the fixed loan amount or the variable loan amount, or do both.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available by contacting us.

12.9 Certain actions we can take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the fixed loan amount or the variable loan amount, or do both.

If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the fixed loan amount or the variable loan amount, or do both.

Any payments we make under the mortgage will be added to the fixed loan amount. We will charge you interest on these payments from the date we pay them at the interest rate for the fixed loan specified in the registered document. Any interest that accrues as a result of changes requested by you to frequency of payments or to the regular payment date for the fixed loan will be paid by you or added to the fixed loan amount and charged interest at the rate for the fixed loan specified in the schedule.

We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

If the sum of the fixed loan amount and the variable loan amount at any time exceeds the principal amount, we have the right to decide what part of the fixed loan amount and what part of the variable loan amount is secured by this mortgage.

13. What happens if your property is sold or transferred

This mortgage is not transferable. If you transfer title to your property, or agree to do so, the integrated loan amount or such part of it as we specify will, at our option, immediately become payable in full. This will be considered a prepayment and will be subject to processing and administration fees including an administration fee as calculated under paragraph 4.10 on the fixed loan amount at the time of the deemed prepayment.

14. Assumption of the mortgage

This mortgage cannot be assigned by you or assumed by any other person or persons. Any person dealing with this mortgage is advised that only the borrower may access money under the variable loan. If, despite this, you assign this mortgage and money is accessed by you or by the assignee after the assignment, you and the assignee will be responsible together and individually for repayment of the integrated loan amount.

Any payment which we accept from any person other than you will not mean we have waived this paragraph which prohibits assignment of the mortgage by you and assumption of the mortgage by any one other than you.

15. Guarantee

Each person who signs the mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the integrated loan amount as and when required by the mortgage; and
- to meet all other obligations of the borrower under the mortgage.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

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If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage. This means that each individual guarantor is responsible for meeting all obligations under the mortgage, including payment of the entire integrated loan amount.

We may, at any time or times do any of the following, without notifying any guarantor, and without obtaining the consent of any guarantor:

- extend the time for payment;
- give a renewal;
- amend any agreement;
- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the mortgage; and
- deal with any other matter affecting the mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

16. Portability

If you have met all your obligations under the mortgage and you have agreed to sell your property and purchase another property within 90 days of the sale of your original property, we may provide financing for the purchase of the new property. The following conditions apply:

- You must apply in writing.
- You will be required to give us a mortgage on your new property.
- The sale of your original property must be in good faith and be an "arms-length" sale. In most cases, an arm's length sale is one where the buyer and seller are unrelated. That is, they have no personal or business relationship with each other. If the buyer and seller do have a personal or business relationship, the sale must be at a fair market value to be considered "arms-length."
- On the date you complete the sale of your original property, an amount sufficient to pay the outstanding integrated loan amount, interest to the date of the new mortgage, any amount available under the variable loan, even if it is not advanced and any prepayment charges and administration fees due under this mortgage will be held by us. We will release these funds when the new mortgage is registered, as long as it is registered within 90 days. If it is not registered within 90 days, we will apply the amount held by us to prepay the mortgage in full, including any prepayment charges and administration fees that may apply.
- You will continue to make regular payments under this mortgage.
- The mortgage must be transferred to the new property without any changes in outstanding balance, interest rate, and terms and conditions described in these Standard Charge Terms.
- Our mortgage approval criteria and requirements for documentation in effect at the time you make your application will apply and must be met. You will be responsible for paying all administration and processing fees,all legal and appraisal fees, and other expenses incurred in connection with the new mortgage.

17. Expropriation

If your entire property is expropriated, the integrated loan amount will immediately become

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payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the fixed loan amount or the variable loan amount. If, in our opinion, the remainder of your property does not provide adequate security for the loan amount, then the Integrated loan amount, or any part of the loan amount as we determine, will immediately become due and payable, plus any loss of interest.

18. *Family Law Act*

You certify to us that all information that you gave us about your marital status and your property when applying for the loan, and the statements made in the registered documents are true and accurate under the *Family Law Act*.

19. If part of the mortgage is not valid

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

20. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the mortgage.

21. Reference to laws

Any reference to legislation in the mortgage includes amendments and replacements to that legislation in force from time to time.

22. Electronic, written and oral communications

If more than one person signs the mortgage as borrower we can rely on communications we receive from any one of you, whether these communications are received electronically, in writing, orally or otherwise. This means, these communications from any one of you will be considered to be communication from all of you.

Cheques written by any one of you will be considered to have been authorized by all of you.

In addition, communications from us to any one of you, whether these communications are delivered electronically, in writing, orally or otherwise, will be considered to be communication to all of you. Items mailed to you will be considered to have been received by you on the fifth day after mailing.

23. Collecting, Using, and Disclosing Your Personal Information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about your mortgage,
- information about your transactions using our products and services,
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, maintain and collect upon your mortgage. We will use and disclose your personal information according to Firstline's privacy policies which are outlined in Firstline's brochure, "Your Privacy Is Protected." This privacy policy may be amended, replaced or supplemented from time to time. You can get information on our current privacy policy by contacting us or visit www.firstline.com.

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You agree that we may enter into this mortgage on behalf of another entity, as an agent or nominee, and also that we may assign this mortgage to another entity. In these cases, the entity is known as the "beneficial owner." We can do this whether or not the beneficial owner is named in this mortgage. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns the mortgage. We may also disclose your personal information to any service provider. A service provider is any person or entity that:

- is involved in the servicing, maintenance, collection or operation of the mortgage; or
- provides services or benefits to you under the mortgage, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your mortgage application, and ongoing information and documentation about you and your mortgage sufficient for the beneficial owner, agent, assignee and service provider to administer the mortgage and exercise their rights under it.

24. Discharge

After you have paid us the integrated loan amount, if you ask us for a discharge, we will sign a discharge and send it to you within a reasonable time. Or, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge. We have the right to refuse a discharge or transfer of this mortgage until any charges or returned cheque amounts that arise after the discharge statement is prepared are paid.

For purposes of calculating per diem interest, funds received after 3:00 p.m. on any business day will be considered to be received on the next business day.

You will pay our usual administration and processing fee for preparing, reviewing and signing any such documents and all legal and other expenses. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

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Appendix 1
Equivalent Interest Rates

If the interest rate specified in your mortgage is compounded monthly not in advance, you may determine the equivalent interest rate compounded semi-annually not in advance by referring to the table below.

MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY
1.000	1.00209	**9.000**	9.17045	**17.000**	17.61358
1.125	1.12764	9.125	9.30024	17.125	17.74772
1.250	1.25326	9.250	9.43010	17.250	17.88193
1.375	1.37894	9.375	9.56002	17.375	18.01621
1.500	1.50470	9.500	9.69002	17.500	18.15056
1.625	1.63051	9.625	9.82008	17.625	18.28498
1.750	1.75639	9.750	9.95021	17.750	18.41947
1.875	1.88234	9.875	10.08040	17.875	18.55403
2.000	2.00835	**10.000**	10.21066	**18.000**	18.68865
2.125	2.13443	10.125	10.34099	18.125	18.82335
2.250	2.26057	10.250	10.47139	18.250	18.95811
2.375	2.38678	10.375	10.60185	18.375	19.09295
2.500	2.51306	10.500	10.73238	18.500	19.22785
2.625	2.63940	10.625	10.86298	18.625	19.36282
2.750	2.76580	10.750	10.99365	18.750	19.49786
2.875	2.89228	10.875	11.12438	18.875	19.63297
3.000	3.01881	**11.000**	11.25519	**19.000**	19.76815
3.125	3.14542	11.125	11.38605	19.125	19.90340
3.250	3.27208	11.250	11.51699	19.250	20.03872
3.375	3.39882	11.375	11.64800	19.375	20.17411
3.500	3.52562	11.500	11.77909	19.500	20.30956
3.625	3.65249	11.625	11.91021	19.625	20.44509
3.750	3.77942	11.750	12.04141	19.750	20.58068
3.875	3.90642	11.875	12.17269	19.875	20.71635
4.000	4.03348	**12.000**	12.30403	**20.000**	20.85208
4.125	4.16061	12.125	12.43544	20.125	20.98789
4.250	4.28781	12.250	12.56692	20.250	21.12376
4.375	4.41507	12.375	12.69846	20.375	21.25971
4.500	4.54240	12.500	12.83008	20.500	21.39572
4.625	4.66979	12.625	12.96176	20.625	21.53180
4.750	4.79725	12.750	13.09351	20.750	21.66796
4.875	4.92478	12.875	13.22533	20.875	21.80418
5.000	5.05237	**13.000**	13.35721	**21.000**	21.94047
5.125	5.18003	13.125	13.48916	21.125	22.07683
5.250	5.30776	13.250	13.62118	21.250	22.21326
5.375	5.43555	13.375	13.75327	21.375	22.34977
5.500	5.56341	13.500	13.88543	21.500	22.48634
5.625	5.69133	13.625	14.01766	21.625	22.62298
5.750	5.81932	13.750	14.14995	21.750	22.75969
5.875	5.94738	13.875	14.28231	21.875	22.89647
6.000	6.07550	**14.000**	14.41474	**22.000**	23.03332
6.125	6.20369	14.125	14.54724	22.125	23.17024
6.250	6.33195	14.250	14.67981	22.250	23.30724
6.375	6.46027	14.375	14.81244	22.375	23.44430
6.500	6.58866	14.500	14.94514	22.500	23.58143
6.625	6.71711	14.625	15.07791	22.625	23.71863
6.750	6.84564	14.750	15.21075	22.750	23.85590
6.875	6.97423	14.875	15.34366	22.875	23.99324
7.000	7.10288	**15.000**	15.47664	**23.000**	24.13066
7.125	7.23160	15.125	15.60968	23.125	24.26814
7.250	7.36039	15.250	15.74279	23.250	24.40569
7.375	7.48925	15.375	15.87597	23.375	24.54331
7.500	7.61817	15.500	16.00922	23.500	24.68101
7.625	7.74716	15.625	16.14254	23.625	24.81877
7.750	7.87621	15.750	16.27593	23.750	24.95660
7.875	8.00534	15.875	16.40939	23.875	25.09451
8.000	8.13452	**16.000**	16.54291	**24.000**	25.23248
8.125	8.26378	16.125	16.67650	24.125	25.37053
8.250	8.39310	16.250	16.81016	24.250	25.50865
8.375	8.52249	16.375	16.94389	24.375	25.64683
8.500	8.65195	16.500	17.07769	24.500	25.78509
8.625	8.78147	16.625	17.21156	24.625	25.92342
8.750	8.91106	16.750	17.34550	24.750	26.06181
8.875	9.04072	16.875	17.47950	24.875	26.20028

DATED at Toronto, this 19th day of October, 2006.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200641 Cote

Jane Chung
Counsel for CIBC Mortgages Inc.

Filed by: Canadian Tire Bank

Filing Date:

Filing Number:

CANADIAN TIRE
BANK

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200642 Cote
Filing Date NOV. 16th 2006 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

CANADIAN TIRE BANK

LAND REGISTRATION REFORM ACT (ONTARIO)

SET OF STANDARD CHARGE TERMS

FIXED AND VARIABLE RATE RESIDENTIAL CHARGE/MORTGAGE

The following set of standard charge terms shall be deemed to be included in every charge/mortgage in which the set is referred to by its filing number, as provided in section 9 of the *Land Registration Reform Act* (Ontario).

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1. DEFINITIONS

In this set of standard charge terms:

"**Act**" means the *Condominium Act* (Ontario), the regulations thereunder and any amendments thereto;

"**adjustment factor**" means, in the case of a variable rate mortgage, the percentage specified as such in the mortgage (subject to amendment in the mortgage loan agreement);

"**amounts secured**" means, collectively, all indebtedness and liability owing by you to us under the mortgage at any particular time, including, without limitation, the mortgage loan amount, interest and all costs, charges and expenses;

"**borrower**", "**you**" and "**your**" mean each person who signs the mortgage as mortgagor (chargor) and these terms may be used interchangeably in this set of standard charge terms;

"**business day**" means a day that is not a Saturday, Sunday or statutory holiday in the Province of Ontario;

"**Canadian Tire prime rate**" means the variable annual rate of interest that Canadian Tire Bank charges for variable interest loans and declares as its prime rate, which rate is subject to change from time to time at Canadian Tire Bank's sole discretion;

"**condominium corporation**" means the corporation created by the registration or deposit of a declaration and description under the Act in respect of the property;

"**condominium property**" is defined in section 27(e)(i);

"**default**" means that you have done one or more of the following: (a) you have not paid an amount of principal, interest or other amount due to us under the mortgage; (b) you have not done something that you agreed to do in the mortgage loan agreement or the mortgage; and (c) any representation or warranty in the mortgage loan agreement or the mortgage or any information that you have provided to us turns out to be incorrect, incomplete or misleading in any material respect when made;

"**excess prepayment amount**" is defined in section 8(c);

"**fixed rate**" means the annual rate of interest that is specified in the mortgage (subject to amendment in the mortgage loan agreement) and that does not vary during the term;

"**fixed rate mortgage**" means a mortgage which secures a mortgage loan on which interest is calculated at a fixed rate, and refers to either a fixed rate (closed) mortgage or a fixed rate (open) mortgage;

"**fixed rate (closed) mortgage**" means a fixed rate mortgage that is designated as "closed" in the mortgage commitment;

"**fixed rate (open) mortgage**" means a fixed rate mortgage that is designated as "open" in the mortgage commitment;

"**free prepayment amount**" is defined in section 7(a)(i);

"**interest adjustment date**" means the interest adjustment date set out in the mortgage loan agreement;

"**land registry office**" means the land registry office or the land titles office in the Province of Ontario having jurisdiction over the property;

"**maturity date**" means the date set out as the Maturity Date in the disclosure statement forming part of the mortgage loan agreement, as such date may be extended from time to time;

"**mortgage**" means, collectively, a Form 2 Charge/Mortgage of Land or a Charge/Mortgage of Land prepared in electronic format under Part III of the *Land Registration Reform Act* (Ontario), any schedules attached to it and this set of standard charge terms, as the same may be amended from time to time, which secures the mortgage loan and the other amounts secured;

"**mortgage insurance company**" means Canada Mortgage and Housing Corporation, Genworth Financial Mortgage Insurance Company Canada or any other similar mortgage insurance company;

"**mortgage loan**" is defined in section 2;

"**mortgage loan amount**' means the outstanding principal amount of the mortgage loan at a particular time and any amounts which by the terms of the mortgage or the mortgage loan agreement are to be added to the mortgage loan amount;

"**mortgage loan agreement**" means, collectively, the mortgage commitment and any disclosure statement required by applicable law that we provide with respect to the mortgage loan and any other written agreement (other than the mortgage) between you and us which sets out terms of the mortgage loan, including any amendment to those terms;

"**mortgage rate**" means the fixed rate, in the case of a fixed rate mortgage, or the variable rate, in the case of a variable rate mortgage;

"**mortgage year**" means the 12-month period from the interest adjustment date or an anniversary of such date;

"**net proceeds**" means the proceeds of the sale or lease of the property, less the costs incurred by us to take, recover or keep possession of the property, to sell, lease or transfer the property, including, without limitation, all amounts paid by us on account of taxes, maintenance, repairs, utilities, insurance, appraisal fees, common expenses, special assessments and other costs paid to the condominium corporation and any other amount that we may pay to maintain, operate, manage or preserve the property and our legal expenses in connection with the foregoing;

"**new mortgage**" is defined in section 25;

"**other claims**" is defined in section 6(a)(xii);

"**prepayment interest rate differential amount**" means the amount by which (a) below exceeds (b) below:

(a) the total amount of interest which would have been payable on the excess prepayment amount, calculated from the date of prepayment to the maturity date, at the mortgage rate; and

(b) the total amount of interest which would have been payable on the excess prepayment amount, calculated from the date of prepayment to the maturity date, at the annual interest rate set by us, in our sole discretion, and which would be applicable to a first mortgage for a term commencing on the date of prepayment and expiring on the maturity date, or for the mortgage term nearest in length to the remainder of the term on the prepayment date;

(If (a) above is the same or less than (b) above, then the "prepayment interest rate differential amount" is zero.)

"**prepayment privilege**" means the privilege to prepay without penalty in a mortgage year a portion of the mortgage loan amount, as provided in section 8;

"**property**" means the real property legally and municipally described in the mortgage, all buildings and structures now on such property or later added, and anything now or later attached to or fixed to any building or structure on such property or attached to or fixed to such property, including, without limitation, additions, alterations, substitutions, improvements, equipment and other apparatus of any kind or nature on such property and, in the case of a condominium unit, includes, without limitation, the common elements and any other interest you have in the condominium property;

"**section**" means a section of this set of standard charge terms;

"**successor**" means an heir, executor, administrator, liquidator, personal representative or successor;

"**taxes**" is defined in section 11;

"**term**" means the term of the mortgage, which is the period starting on the interest adjustment date and ending on the maturity date or, if the mortgage is extended, the period starting on the day following the current maturity date and ending on the next maturity date, and so on from time to time;

"**transferable mortgage loan amount**" is defined in section 24;

"**variable rate adjustment date**" is defined in section 3;

"**variable rate**" means, at any particular time, the annual rate of interest that is determined by subtracting the adjustment factor from the Canadian Tire prime rate at such time;

"**variable rate mortgage**" means a mortgage which secures a mortgage loan on which interest is calculated at the variable rate; and

"**we**", "**our**", "**us**" and "**mortgagee**" means Canadian Tire Bank, and these terms may be used interchangeably in these standard change terms.

2. GRANT OF MORTGAGE

We have agreed to loan you money on the terms set out in the mortgage loan agreement and the mortgage. In consideration for the money which we loan to you from time to time as provided in the mortgage loan agreement (the "**mortgage loan**"):

(a) if you own the property, you mortgage and charge your entire freehold interest in the property to us; or

(b) if you lease the property, you mortgage and charge and sublease to us your entire leasehold interest (including, without limitation, any option or right of first refusal to purchase) in the property for the entire term (except the last day) of your lease; and

(c) if you lease the property and you subsequently acquire the freehold title to the property, the mortgage will by operation of law become a mortgage of the freehold interest in the property to the same extent and effect as if you had been the owner of the freehold, free from encumbrances, at the date of the mortgage. For the purposes of this section, you hereby mortgage and charge the freehold interest in the property to and in favour of us, such mortgage and charge to take effect upon your acquiring freehold title to the property;

in each case, to secure repayment of the mortgage loan and the other amounts secured and to ensure that you strictly perform all your obligations under the mortgage and the mortgage loan agreement.

When you have repaid the mortgage loan in full as provided in the mortgage, we are under no obligation to loan any additional principal amounts to you. Once you have paid the amounts secured in full, we will have no further interest in the property under the mortgage.

3. INTEREST ON YOUR MORTGAGE LOAN

If you have a fixed rate mortgage, we charge you interest on the mortgage loan amount at the fixed rate.

If you have a variable rate mortgage, we charge you interest on the mortgage loan amount at the variable rate. The variable rate will be adjusted automatically on the first business day following any change in the Canadian Tire prime rate (a "**variable rate adjustment date**") and will apply until the day before the next variable rate adjustment date.

For fixed rate mortgages interest is calculated semi-annually not in advance and for variable rate mortgages interest is calculated monthly not in advance. Section 44 sets out the interest rates calculated half-yearly not in advance which are equivalent to interest rates calculated monthly not in advance. In the case of both fixed rate mortgages and variable rate mortgages, interest is payable at the applicable rate both before and after the maturity date, default and judgment, until the mortgage loan amount and other amounts secured have been paid in full. To find out the Canadian Tire prime rate at any time call the telephone number set out in the mortgage commitment or on the website specified in the mortgage commitment. The current Canadian Tire prime rate will also be posted on that website.

4. COMPOUND INTEREST

If you do not pay us any amount when required by the mortgage and the mortgage loan agreement that is in respect of interest, you will be charged interest on any arrears of interest (this is referred to as compound interest) at the mortgage rate, both before and after maturity, default and judgment. You must pay compound interest immediately when we ask you to pay it. If any arrears of interest and compound interest on such arrears are not paid in full at the end of any successive six-month period following the Interest Adjustment Date, such arrears and compound interest will be added to the mortgage loan amount on such day and interest at the mortgage rate will be charged on such increased mortgage loan amount.

5. CERTAIN PROMISES YOU MAKE TO US

(a) You agree with us, and represent and warrant to us, that:

- (i) you will pay the mortgage loan amount as required by the mortgage loan agreement and the mortgage and you will comply with all of your other obligations under the mortgage and the mortgage loan agreement, and you acknowledge that your obligation to make all such payments is unconditional and is not subject to any right of set-off or counterclaim that you may now or hereafter claim in respect of any dealings between you and us or any other person;

- (ii) you will pay taxes assessed against the property to the relevant tax authority as provided in section 11;

- (iii) unless you are the tenant of the property, you are the lawful owner of the property with a good and marketable title to the property and there are no encumbrances affecting title to the property;

- (iv) you have the right to grant us the mortgage;

- (v) there are no limitations affecting title to, or your interest in, the property except for any restrictions registered in the land registry office and except for building and zoning by-laws, with which you have complied in all respects;

- (vi) all information that you have provided to us concerning your marital status and whether the property is a matrimonial home within the meaning of the *Family Law Act* (Ontario) is true, complete and correct at the time the mortgage is signed and delivered;

- (vii) all representations made by you in the mortgage loan agreement and the mortgage are true, complete and correct at the time the mortgage is signed and delivered;

- (viii) to the best of your knowledge and belief, after reasonable enquiry and investigation:

    - (A) no condition exists on the property which is a contravention of any law, regulation, by-law, order, decree or other legally binding requirement that relates to the protection of the environment, hazardous substances or public health and safety;

    - (B) no part of the property is or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in strict compliance with all laws, regulations, by-laws, orders, decrees and other legally binding requirements;

    - (C) there are no underground or aboveground storage tanks on the property except in strict compliance with all laws, regulations, by-laws, orders, decrees and other legally binding requirements relating to underground and aboveground storage tanks, the protection of the environment, hazardous substances or public health and safety;

(D) no part of the property contains or will in the future contain any hazardous substance except in strict compliance with all laws, regulations, by-laws, orders, decrees and all other legally binding requirements;

(E) no claim, notice, order, investigation or other proceeding, in each case pursuant to any law, regulation, by-law, order, decree or other legally binding requirement that relates to the protection of the environment, hazardous substances or public health and safety, has been made, issued or threatened in relation to any condition on the property; and

(F) no part of the property is currently in non-compliance with, or used in any manner which is in non-compliance with, any law, regulation, by-law, order, decree or other legally binding requirement relating to the protection of the environment, hazardous substances or public health and safety.

We may (but are not obligated to) require you, at your sole cost and expense, to obtain an environmental assessment (which may include any environmental investigations of the property we deem necessary and desirable) of all or any part of the property, which environmental assessment must be satisfactory to us, but such assessment does not relieve you from your obligations under this section 5(a)(viii).

If a change in the environmental condition on or with respect to the property makes any of the above statements untrue, you will give us written notice of such change immediately, including a copy, where applicable, of any correspondence with any regulatory body or third party about the condition.

You will not, and will not allow any other person to, create or allow to exist any condition on or with respect to the property that does or could constitute a violation of any law, regulation, by-law, order, decree or other legally binding requirement relating to the protection of the environment, hazardous substances or public health and safety now and as such requirements come into force in the future;

(ix) you will, at your expense, sign any other document or take any further action which we may request, from time to time, to ensure that your entire interest in the property has been fully mortgaged to us and that the amounts secured is adequately secured by the property;

(x) if you are in default, we will have the right to take possession of the property without any interference;

(xi) you will take any action necessary to protect your title to or interest in the property, including, without limitation, protecting your rights under any applicable legislation, statute or regulation of any municipal, provincial or federal government or regulatory body and you will not in any way interfere with our interest in the property;

(xii) you will not, without our prior written consent, further encumber the property and you will keep the property free and clear of any subsequent mortgages and from all other encumbrances, including, without limitation, liens, mortgages, arrears of taxes, arrears of condominium common expenses or other condominium charges or expenses, executions and rights (which encumbrances, liens, mortgages and mortgages and all prior mortgages, if any, are collectively referred to as "**other claims**");

(xiii) we may pay the whole or any part of any other claims at any time having priority over the mortgage. The amounts so paid will be payable by you to us on demand and will, until paid, together with any other costs incurred by us, be included in the amounts secured, be secured by the mortgage and bear interest at the mortgage rate. We will be entitled to the equities and the rights and securities of the person or persons so paid and to obtain an assignment of any other claims so paid and of any right to payment and we are authorized to retain any discharge of any other claims, without registration, until payment to us of the other claims in full; and

(xiv) you will not conduct, or permit to be conducted, any illegal activities on the property.

(b) If you are a tenant of the property, you also agree with us that:

(i) the property is leased to you under a valid and subsisting lease, a complete copy of which you have given to us and that you have good leasehold title to the property;

(ii) all rents and other monies payable under the lease have been paid in full and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or you have the right, without your landlord's consent, to mortgage your interest in the lease to us;

(iv) you have not done, or permitted to occur, any act to encumber the lease or any part of the lease except under the mortgage;

(v) there are no limitations on your interest in the property except for any set out in the lease, restrictions registered in the land registry office, and except for building and zoning by-laws, with which you and your landlord have complied in all respects;

(vi) you will pay rents and other payments required by the lease as they fall due and will not claim any rights of set-off;

(vii) you will comply with all your other obligations set out in the lease;

(viii) you will not surrender or assign the lease or any of your rights under the lease or sublet all or any part of the property or cause the lease to be terminated;

(ix) you will not make any change to the lease without first obtaining our prior written consent;

(x) where the lease contains an option to renew the term of the lease or a right of first refusal to lease or purchase the property, you will not allow any such right or option to lapse at any time while there remain any amounts secured without our prior written consent;

(xi) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(xii) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in the property and in the lease has been fully mortgaged to us and that the amounts secured are adequately secured;

(xiii) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xiv) you will hold the last day of the term of your lease or of any renewal term of the lease in trust for us and will only deal with it in such manner as we will require. You will have the same rights arising from this section 5(b)(xiv) as you already have under other provisions of the mortgage and at law;

(xv) at our request, but at your sole cost and expense, you will transfer to us the last day of the term of the lease or of any renewal term. If we enforce our rights under the mortgage, particularly those referred to in section 28(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's successors and will only deal with it in such manner as such person requires;

(xvi) you irrevocably appoint us as your attorney so that we, on your behalf and in your name, may enforce any of the covenants in your favour under the lease, exercise any right or option available to you under the lease (including any right of renewal or termination) or assign the lease and the last day of the term of the lease and of any renewal term of the lease and convey your interest in the property as we may require to perfect any sale we may make under section 28 and, in particular, under section 28(a)(vi);

(xvii) we may remove you or any other person as trustee of the trust referred to in section 5(b)(xiv) and appoint a new trustee or trustees; and

(xviii) any breach of a term of the lease constitutes a default under the mortgage and you agree that we have the right (but not the obligation) at any time to pay any amount outstanding under the lease or take any action as may be necessary to bring the lease into good standing, and to add all amounts paid by us and all costs incurred by us to the amounts secured.

6. HOW YOU WILL REPAY THE MORTGAGE LOAN

(a) Currency and Place

You will make each payment that is due to us under the mortgage in Canadian dollars, on the date that the particular payment is due at our address set out in the mortgage or as otherwise provided in this set of standard charge terms.

(b) Interest Adjustment Date

Interest on all money we have advanced to you up to the interest adjustment date will be calculated daily at the mortgage rate up to but not including the interest adjustment date. At our option, such accrued interest will be (i) payable by you to us on the interest adjustment date; or (ii) added to the mortgage loan amount on the interest adjustment date and bear interest at the mortgage rate; or (iii) deducted by us from any advance or advances which we make; or (iv) deducted by us from your account referred to in section 6(e) on the first regular payment date.

(c) Regular Payments

You will make regular payments of principal and interest to us in the amount and on the payment dates specified in the mortgage, beginning on the first payment date and continuing until and including the maturity date. You may, upon request and at our discretion, change your regular payment date to another payment date, or the frequency of your regular payments which, in each case, is then currently offered for your type of mortgage. Any interest outstanding as a result of such change to your regular payment date will be added to the first regular payment that is due after such change. If you have a variable rate mortgage and you change your regular payment date, the amount of your regular payment of principal and interest will be changed, if necessary, to reflect the current variable rate. You will pay the mortgage loan amount, any accrued and unpaid interest and any other amounts secured on the maturity date.

(d) Term/Amortization (Applicable only to Variable Rate Mortgages)

If you have a variable rate mortgage, the amount of your regular principal and interest payment will not be increased unless as a result of an increase in the Canadian Tire prime rate the current amount of your regular payment of principal and interest is not enough to pay the outstanding interest owing under the mortgage. You also have the option of converting to a fixed rate mortgage (see section

19). If the Canadian Tire prime rate later decreases, you have the choice of keeping your regular payments of principal and interest the same or reducing them to reflect the lower rate, but the reduced payments must still be sufficient to amortize the mortgage loan over the remainder of the amortization period that is specified in the mortgage loan agreement.

(e) Bank Account for Payments

You will maintain an account of a type satisfactory to us with a branch of a Canadian chartered bank or trust company or such other bank, trust company, caisse populaire or credit union approved by us in writing and provide an authorization in a form acceptable to us to automatically debit each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. You will ensure that the account always contains sufficient funds to meet each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be a default. You agree to pay us our then current administration and processing fees for any actions which we have to take as a result of your default under this section 6(e).

(f) How Your Regular Payments are Applied

Each of your regular payments will be used: (i) first, to pay interest or reduce the interest on the mortgage loan amount, that has accrued to, but not including, the payment date; and (ii) second, to reduce the mortgage loan amount. However, if you are in default, we may apply your payment or any other money we receive towards any part of the amounts secured that we choose in our sole discretion.

(g) Payments after Default

If you have not paid the mortgage loan amount or any part thereof when it is due under the mortgage, we are not obliged to accept payment of such amount that is overdue unless you either (i) pay to us 3 months' interest on the unpaid amount at the mortgage rate and interest that has accrued on such unpaid amount until the date of payment thereof, or (ii) give us at least 3 months' notice of your intention to pay such unpaid amount on a specified date and pay us interest on the unpaid amount until the date of payment. The foregoing, however, does not affect our right to exercise the remedies that we have under the mortgage as a result of your failure to pay the mortgage loan amount or any part thereof when due.

7. PREPAYMENT OF FIXED RATE (OPEN) MORTGAGES

If you have a fixed rate (open) mortgage and are not in default, you may, without charge, on 10 days' written notice to us, prepay all or any part of the mortgage loan amount or increase by any amount the amount of your regular payments of principal and interest. After you have increased the amount of your regular payments, you may, on 10 days' written notice to us, reduce the amount of your regular payments to an amount that is not less than the amount of the first regular payment required under the mortgage.

8. PREPAYMENT OF CLOSED MORTGAGES

If you have a fixed rate (closed) mortgage or a variable rate mortgage and are not in default, you have the following prepayment privileges:

(a) In each mortgage year you may prepay in total up to 20% of the mortgage loan amount that was outstanding at the beginning of the term (the **"free prepayment amount"**) without any charge. The free prepayment amount is not cumulative and therefore if not used in a mortgage year, the unused portion of the free prepayment amount cannot be carried forward and used in a later mortgage year. Any prepayment must be made on a regular payment date.

(b) On 10 days' written notice to us, you may increase the amount of your regular payments of principal and interest, provided that the total of all such increases during any mortgage year does not exceed 20% of the amount of the first regular payment that was required under the mortgage. This means that in the fifth year of a 5-year fixed rate (closed) mortgage your regular payment could be double the original amount of your regular payment if you have taken full advantage of this prepayment privilege in each mortgage year. After you have increased the amount of your regular payments, you may, on 10 days' written notice to us, reduce the amount of your regular payments to an amount that is not less than the amount of the first regular payment that was required under the mortgage.

(c) On any regular payment date you may prepay all or any part of the mortgage loan amount, but to the extent that the amount that you prepay exceeds the unused free prepayment amount in that mortgage year (the **"excess prepayment amount"**) you must pay us a prepayment charge in an amount equal to the greater of (i) 3 months' interest at the mortgage rate on the excess prepayment amount, or (ii) the prepayment interest rate differential amount.

9. EARLY RENEWAL OF FIXED RATE MORTGAGES

If the property contains more than four living units or if the property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no right of early renewal.

If you have a fixed rate mortgage, then you may renew the mortgage before the maturity date, subject to the following conditions:

(a) you must apply to us to use this right of early renewal;

(b) you must select from the mortgage options that we offer at the time that you apply for early renewal;

(c) you must enter into an agreement amending the mortgage, acceptable to us;

(d) an early renewal is treated the same as an early repayment in full of the mortgage loan amount and therefore if you have a fixed rate (closed) mortgage, you must pay us the prepayment charge, if any, payable under section 8(c);

(e) you must pay us our then current administration and processing fees to renew the mortgage, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made; and

(f) you must pay all legal expenses with respect to the renewal documentation and its registration.

10. INSURANCE

If the property is not a single residential condominium unit, you must insure and keep insured in our favour and until the mortgage is discharged, the property, including, without limitation, all buildings, structures, fixtures and improvements now or in the future located on the property for not less than their full replacement value in Canadian dollars. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower or sprinkler system or any other comparable apparatus is operated on the property, you must also insure and keep insured in our favour and until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

All insurance policies must be provided by a company approved by us and contain mortgage clauses approved by the Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and that we will have the first right to receive and to have a lien on the loss proceeds. Upon our request, you will provide us with certified copies of every insurance policy with respect to the property and, not less than 15 days before any policy expires, evidence of its renewal.

We may place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us and, at our option, if not so paid, will be added to the mortgage loan amount and will bear interest at the mortgage rate.

If any loss or damage occurs, you will immediately, at your sole cost and expense, do everything necessary to enable us to obtain the insurance proceeds. The production of a copy of the mortgage will be sufficient authority for the insurance company to pay any loss to us or to accept instructions from us dealing with the loss and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part, be: (i) used to repair or rebuild the property; (ii) paid to you; and/or (iii) used to repay any part of the mortgage loan amount or interest thereon, whether due or not.

11. PROPERTY TAXES

In this set of standard charge terms, "**taxes**" includes all taxes, rates and assessments of any nature or kind, including, without limitation, property taxes, municipal taxes, school taxes, local improvement rates or charges, development cost charges, interest and penalties payable with respect to the property.

We may withhold from any advance under the mortgage loan any amount we feel necessary to pay taxes then owing or due in the future.

You are responsible for the payment of all taxes which you will pay when due. Upon our request, you will provide us with all the receipted tax bills or a tax certificate confirming that taxes have been paid for the current calendar year. If you fail to provide us with such bills or certificates, we may make inquiries with the appropriate tax authority to determine whether current taxes have been paid, and you must immediately reimburse us for all expenses we incur in so doing.

In the alternative, we may, at our option and on written notice to you, estimate the amount of taxes payable each year and you agree to pay to us sufficient monies by equal instalments with each regular payment of principal and interest during the term to be applied on account of such taxes. We agree to apply these instalment payments against your taxes as long as you are not in default, although we are not obligated to apply payments on account of your taxes more often than annually, provided that if you have failed to make a payment of principal, interest or any other monies to be paid by you under the mortgage, then we may, at our option, apply the amount of such instalments that we still hold towards payment of any such unpaid principal, interest or other monies. If the taxes actually payable for any year, together with any interest and penalties, exceed the estimated amount, you agree to pay us promptly upon written notice from us the amount required to make up the difference. If you wish to take advantage of any discounts or to avoid any penalties in connection with the payment of taxes, you may pay to us such additional amounts as are required for that purpose. If we are paying your taxes, you agree to send to us the tax bills and other notices relating to taxes immediately after you have received them.

If you do not pay your taxes when they are due, then we may, but will not be obligated to, make those payments for you and the amounts paid by us will: (i) be a mortgage on the property in favour of us in priority to all claims subsequent to the mortgage; (ii) be payable by you immediately with interest at the mortgage rate until paid; and (iii) may, at our option, be added to the mortgage loan amount and will bear interest at the mortgage rate.

12. REPAIRS

You agree to keep the property in a good condition and state of repair and carry out all necessary repairs. You agree not to do, or let anyone else do, anything which lowers the value of the property. You will comply with every present and future statute, by-law, ordinance, regulation, order and decree affecting the condition, repair, use or occupation of the property.

If, in our opinion, you do not keep the property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this section 12, then we can make whatever repairs are, in our opinion, necessary. The costs of any inspections and repairs are payable by you immediately and, if not paid, will be added to the mortgage loan amount and will bear interest at the mortgage rate.

You authorize us or anyone on our behalf to enter the property at all reasonable times to inspect the property and make repairs, but we will not become a mortgagee in possession by exercising these rights.

13. DEMOLITION AND ALTERATIONS

You agree not to demolish the whole or any part of any building or structure on the property without first obtaining our written approval or make any material alterations, additions or improvements to the property without first obtaining our written approval to your proposed plans and specifications. In either case, we may withhold our approval in our sole discretion.

The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to the property. Upon our request, and at your sole cost and expense, you will provide us with proof of payment and compliance with governmental requirements and building standards. You must retain all holdbacks required or allowed to be retained by law and such governmental requirements and building standards, as the case may be. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including, without limitation, any charges for providing financial guarantees or other security, are immediately payable by you to us and, if you do not pay them, we will add them to the mortgage loan amount and they will bear interest at the mortgage rate.

14. NO OBLIGATION TO MAKE ADVANCES TO YOU

If we decide, for any reason, not to advance to you all or any part of the mortgage loan amount, we are not obligated to do so. This applies even if the mortgage has been signed and registered and whether or not any part of the mortgage loan amount has previously been advanced. However, by signing the mortgage you have mortgaged all of your interest in the property to us and you will pay us, on demand, all of our costs, including, without limitation, all our legal fees and disbursements, title insurance, expenses for investigating title to or zoning compliance of the property and for preparing and registering the mortgage even if we do not advance any part of the mortgage loan amount.

15. LEASES AND RENTS

If the property is intended to be used as owner-occupied single-family residential premises, you represent and agree that no part of the property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a lease of the whole or any part of the property or renew any lease (other than a renewal provided for in any lease) without first obtaining our written approval which we may withhold in our sole discretion.

If now or in the future you lease the whole or any part of the property to another person or persons, we must approve of such lease in the mortgage loan agreement. If you do enter into such a lease, you hereby:

(a) assign to us all leases, agreements and their renewals, and all rights thereunder as they affect the property;

(b) assign to us all rent and any other monies payable under the leases and agreements;

(c) give us security on chattels, fixtures and equipment as we may reasonably require; and

(d) agree to provide to us such additional security as we may require,

all as security for the amounts secured.

You agree to pay all of our expenses, including, without limitation, all our legal fees and disbursements and other costs relating to any such additional security that we may require.

If you do not comply with any of your obligations under this section 15, at our option the amounts secured will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling the property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the amounts secured and will bear interest at the mortgage rate. You irrevocably appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

Nothing we do under this section 15 will put us in possession of the property and we are not obliged to collect any rent or income from the property or to comply with any term of any lease or agreement.

16. ACCELERATION OF REPAYMENT OF AMOUNTS SECURED

The amounts secured will immediately become payable, at our option, if:

(a) subject to section 20, you do not make any payment when due as required by the mortgage or the mortgage loan agreement;

(b) you do not comply with any of your other obligations under the mortgage or the mortgage loan agreement;

(c) we discover that any representation or warranty you made to us in applying for the mortgage loan, in the mortgage loan agreement or in the mortgage (including, without limitation, those contained in section 5) is untrue;

(d) you do not observe or perform any obligation or condition contained in any mortgage, lien or encumbrance ranking in priority to our mortgage;

(e) any buildings being erected on or additions, alterations or improvements done to the property remain unfinished without work being done on them for a period of ten consecutive days;

(f) the property is abandoned;

(g) a receiver, trustee or person of similar authority is appointed with respect to the property;

(h) you commit an act of bankruptcy, make a proposal to your creditors, make an assignment in bankruptcy or a petition for a receiving order is filed against you;

(i) if the mortgage loan is guaranteed and the guarantor denies liability under the guarantee in section 30, dies or an event described in paragraph (h) above occurs with respect to the guarantor; or

(j) you transfer, or agree to transfer, title to the property without our consent.

We have the right to waive any particular default by you but if we do so we are not waiving any other existing default or one or more defaults which may occur in the future.

17. BUILDING MORTGAGE

If any portion of the mortgage loan is to be used to finance an improvement on the property (meaning any alteration, addition or repair to or any construction, erection or installation on, the property including, without limitation, the demolition or removal of all or any part of any building, structure or works on the property), you must first obtain our written approval of this before any advances are made. You agree to make the improvement only in accordance with plans and specifications that we have approved in writing and to complete the improvement as quickly as possible.

Subject to section 13, we may make advances to you under the mortgage loan based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale. We will decide whether advances may be made and when they will be made.

Whatever the purpose of the mortgage loan, we may retain funds from any advance or advances until we are completely satisfied that you have retained the holdback amount that you are required or allowed to retain under applicable construction lien legislation, as the case may be, and the lien period has expired. You authorize us to give information about the mortgage to anyone who claims a construction lien on the property.

18. RELEASING THE PROPERTY FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of the property, whether or not we receive any value, and we will be accountable to you only for money that we actually receive. If we release our interest under the mortgage in only a part of the property, the remainder of the property will continue to secure the amounts secured and your obligations, and those of any guarantor, under the mortgage will continue unchanged. You will pay our then current administration or processing fee for preparing and signing the discharge and all legal and other expenses, whether the discharge is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge on your title and to pay the registration fee. If the property is subdivided, each part of the property will secure payment of the amounts secured.

19. CONVERSION OF VARIABLE RATE MORTGAGES

If you have a variable rate mortgage and are not in default and you satisfy our requirements in effect at the time you would like to convert the mortgage, you may convert the mortgage to a fixed rate mortgage with a term that is at least equal to or greater than the remaining term of the variable rate mortgage, with interest at the current fixed rate and containing the terms and provisions that are offered by us at the time of conversion, subject to the following conditions:

(a) you must apply to us and you must enter into a mortgage amending agreement or a new fixed rate mortgage which is satisfactory to us;

(b) you must pay us our then current administration or processing fees in connection with the conversion, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made; and

(c) once the mortgage has been converted, the prepayment privileges applicable to the variable rate mortgage will no longer apply, but instead prepayment privileges, if any, will be those contained in the mortgage amending agreement, the new fixed rate mortgage or other similar documentation that we may use for these purposes at that time.

20. SKIP A PAYMENT

If you are not in default, and subject to compliance with the *National Housing Act* (Canada) if your mortgage is insured thereunder, you may, on at least five business days' notice to us in writing or by telephone, skip a regular payment of principal and interest under the mortgage without being in default, if you do so not more than once in any mortgage year. You may repay the amount of any skipped regular payment at any time during the term without penalty. You will still be required to pay any amount related to taxes or insurance due on the date such skipped regular payment was otherwise required to be made. The interest portion of the skipped regular payment will be added to the mortgage loan amount and will bear interest at the mortgage rate. If you skip one or more regular payments of principal and interest this will extend the amortization period of the mortgage.

21. ADDITIONAL ADVANCES

We may from time to time at our sole option make additional advances under the mortgage loan provided that the mortgage loan amount does not at any time exceed the principal amount set out in the mortgage at the beginning of the term. If we request, you will enter into an agreement with us that any additional advances are secured by the mortgage. All additional advances, interest thereon and any other amounts owing with respect to such additional advances will be secured by, and repaid in accordance with, the provisions of the mortgage loan agreement and the mortgage. These provisions apply notwithstanding that the amount of the mortgage loan may be reduced and subsequently increased or repaid and subsequently loaned again. If additional advances are made prior to the expiry of the term, the term will be extended based on the interest rate and term that you select. We are entitled to discharge the mortgage without notice to you once you have repaid all amounts secured.

22. RENEWING, EXTENDING OR AMENDING THE MORTGAGE

Subject to our acceptance, the mortgage may from time to time be renewed, extended or amended by an agreement (in a form acceptable to us) with you, with or without any increase in the interest rate or the principal amount. We are entitled to make any registrations against title to the property as we deem necessary to give notice of any agreement between you and us and, if requested, you will assist us with any registration we may make. The entering into of any agreement by us with any borrower and with any other person liable to pay the mortgage loan amount will not release or affect the liability of anyone who does not enter into such agreement.

If we do not receive notice from you before the maturity date that either (i) you intend to repay the mortgage loan amount in full on the maturity date, or (ii) you would like to extend the term, then, at our option, unless we notify you to the contrary and without entering into a further agreement with you, effective on the maturity date the term will be extended for six months from the maturity date, the interest rate will be our then current interest rate for a six-month fixed rate open mortgage and you may prepay the mortgage loan amount in whole or in part on any regular scheduled payment date without any prepayment charge.

23. DUE ON SALE

If you transfer title to the property, or agree to do so, without our prior written approval, the amounts secured will, at our option, immediately become due and payable in full unless we have agreed to the assumption of the mortgage by the transferee of title to the property as provided in section 24.

24. ASSUMPTION AND PORTABILITY

If you have entered into an agreement to transfer title to the property and you are not in default, you may, with our prior written approval, (i) allow the transferee of title to the property to assume the mortgage or, (ii) if you have agreed to purchase a new property, borrow an amount equal to the mortgage loan amount on the day title to your new property is transferred to you (the "**transferable mortgage loan amount**") under a new mortgage to be registered against title to the new property (the "**new mortgage**"). You may choose only one of the following two options and we may in our sole discretion not approve one or both of the options.

(a) Assumption

In the case of an assumption of the mortgage, the transferee of title to the property must provide us with such information as we require to permit us to determine whether we can approve a mortgage loan to such transferee. If we approve a mortgage loan to the transferee, the transferee must sign and deliver to us an assumption agreement in a form acceptable to us. Upon receipt of the signed assumption agreement and the payment of our then current administration or processing fee for such assumption and all legal and other expenses, we may in our sole discretion release you and any guarantors from your and their obligations under or in respect of the mortgage and the mortgage loan agreement.

(b) Portability

If you are not in default, if you meet our requirements in effect at the time and if you purchase and become the owner of a new property within not more than 30 days of the date of the sale of the property, you may apply to us to transfer the transferable mortgage loan amount to a mortgage of the new property. If you wish to take advantage of this opportunity, you must apply to us in writing and you must sign a new mortgage for the new property. The following conditions apply:

(i) if you would like to borrow an amount equal to the transferable mortgage loan amount, the new mortgage will be at the same interest rate as set out in the mortgage and for a term equal to the remainder of the term, but other terms of the mortgage will be our current mortgage terms;

(ii) if you would like to borrow more than the transferable mortgage loan amount, we may, in our sole discretion, approve the additional mortgage loan amount and, if approved, the interest rate payable by you will be a blended rate calculated by taking the weighted average of the interest rate that you are currently paying on the transferable mortgage loan amount and our then current interest rate for a term equal to the term closest to the remainder of the term of the mortgage, the weighted average being determined on the relative proportion that the transferable mortgage loan amount and the additional mortgage loan amount are of the new mortgage loan amount;

(iii) if you would like to borrow less than the transferable mortgage loan amount, the interest rate payable under the new mortgage will be at the same interest rate as you are currently paying for the transferable mortgage loan amount and the term of the new mortgage will be equal to the remainder of the term. The amount by which the transferable mortgage loan amount exceeds the principal amount of the new mortgage will be subject to the prepayment charges in section 8; and

(iv) you agree to pay us our then current administration and processing fees to approve and process the new mortgage, together with any accumulated interest which may result from a change in the frequency of the regular payments to be made. You also agree that you will pay all legal expenses with respect to the new mortgage and its registration.

25. CERTAIN ACTIONS WE CAN TAKE

If we think it is necessary, we may pay any claims that have priority over the mortgage. Also, we can pay all expenses (including, without limitation, legal expenses) that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing our rights under the mortgage. You must immediately reimburse us for all such payments and expenses.

If you are a tenant under a lease of the property, we may cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses that we incur in so doing.

If you do not comply with any of your obligations under the mortgage, we may perform those obligations. Where you are a tenant of the property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal will be subject to the mortgage. You must immediately reimburse us for all payments that we have to make and costs that we incur in taking these steps.

Any interest which accrues as a result of changes requested by you to the frequency of payments or to the regular payment date will be paid by you or added to the amounts secured and will bear interest at the mortgage rate.

If we have not received a solicitor's final opinion within 60 days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense if you selected the original solicitor.

26. ENVIRONMENTAL MATTERS

You agree that we or our agents (or agents of the mortgage insurance company if the mortgage is insured by a mortgage insurance company) may at any time and for any reason enter and inspect the property and conduct any environmental testing, site assessment, investigation or study which we or the mortgage insurance company consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and will be added to the mortgage loan amount. None of us, the mortgage insurance company, our agents or the agents of the mortgage insurance company will become mortgagees in possession of the property or have management or control of the property by exercising these rights.

27. CONDOMINIUM

If the property is a condominium unit, you agree to comply with the provisions of this section 27 in addition to the other provisions of this set of standard charge terms, other than section 10.

(a) Compliance with the Act

You will comply with the Act and with the declaration, by-laws and rules and regulations of the condominium corporation in effect from time to time and you will cause any of your guests to do so as well.

(b) Payment of Common Expenses and Other Costs

You will pay all amounts required by the Act, the declaration, the by-laws of the condominium corporation and the condominium corporation's budget on or before the date such amounts are due, including, but not limited to, all common expenses, contributions, levies or assessments. If we request, you will give us proof that you have done so. If you do not make any payments which you are obligated to pay, we may do so on your behalf and add such amounts to the amounts secured and such amounts will bear interest at the mortgage rate.

(c) Notices and Demands

You will mail to us by prepaid registered mail or deliver to us a copy of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium property so that we receive such communications at least five days before any claim or demand is payable or, in the case of other communications, within five days of the date you receive them.

(d) Voting Rights

You irrevocably authorize us, in your name and on your behalf, to exercise your rights under the Act and under the declaration and by-laws of the condominium corporation to vote at any meeting of the condominium corporation and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Act to the condominium corporation. However, you may exercise such rights to vote or consent unless we notify you in writing that we wish to use our rights to vote or consent, in which case we may also notify the condominium corporation. Our wish to vote or consent can be for a limited period of time or for a particular meeting or matter. When we do vote or consent in your place, we do not then become a mortgagee in possession and are not responsible for protecting your interests or for the way we vote or consent or fail to do so.

(e) Acceleration of Repayment of Amounts Secured

At our option, the amounts secured will become payable immediately if:

(i) the condominium of which the property forms a part, including, without limitation, the common elements and the assets of the condominium corporation (collectively, the "**condominium property**") is no longer governed by the Act;

(ii) a vote of the unit owners authorizes the sale of the condominium property or any part thereof;

(iii) the condominium corporation fails to comply with the Act, the declaration, by-laws, rules and regulations or any other reciprocal or shared facilities agreement to which it is a party;

(iv) the condominium corporation fails, in our opinion, to manage the condominium property in a careful way or to maintain the condominium property in good repair;

(v) the condominium corporation fails to insure the condominium property according to law, the Act and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds;

(vi) the condominium corporation makes or permits to be made any substantial modification to the condominium property or any part thereof without our approval; or

(vii) there has been substantial damage to the condominium property and the owners have voted for termination of the condominium corporation.

Our rights to cause the amounts secured to become payable immediately will not be affected by the fact that we may have voted in favour of or consented to any of the foregoing.

(f) Insurance

If the property is a single residential condominium unit, you must insure and keep insured in our favour and until the mortgage is discharged, the property (including, without limitation, all buildings, structures, fixtures and improvements now or in the future located on the property not required to be insured by, the condominium corporation according to the Act or the declaration of the condominium corporation) for not less than its full replacement value in Canadian dollars.

The condominium corporation must obtain such appropriate insurance as it is required to obtain under the Act and under the declaration and by-laws of the condominium corporation, failing which you will be in default. In addition, you must insure against loss or damage by fire with extended perils coverage, and against such additional risks as we may at any time require, all improvements or those improvements required by the Act or by-laws of the condominium corporation which at any time have been made to the property.

All insurance policies must be provided by a company approved by us and contain mortgage clauses approved by the Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. Upon our request, you will provide us with certified copies of every insurance policy with respect to the property and, not less than 15 days before any policy expires, evidence of its renewal.

We may place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the amounts secured if not so paid and will bear interest at the mortgage rate.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. The production of a copy of the mortgage will be sufficient authority for the insurance company to pay any loss to us or to accept instructions from us dealing with the loss, and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be: (i) used to repair or rebuild the property; (ii) paid to you; and/or (iii) used to reduce any part of the amounts secured, whether due or not, including, without limitation, an amount to compensate us for loss of interest.

You will, and to the extent it is within your control will cause the condominium corporation to, assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation fails to keep the buildings and improvements insured or provide us at least 15 days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

28. ENFORCING OUR RIGHTS

(a) Remedies

If you are in default, the mortgage loan amount and all other amounts secured will immediately become due and payable at our option and we may, in additional to any other rights or remedies that are available to us at law, enforce any one or more of the remedies listed below in any order, separately or together, to the extent that such remedies are available in the province or territory in which the property is located.

Our remedies are:

(i) Go to Court - We may take court proceedings to obtain a judgment against you to pay us the amounts secured.

(ii) Foreclosure or Sale by a Court - We may take court proceedings to foreclose your equity of redemption in the property. If we obtain a final order of foreclosure from the court, the property will become ours. We may also ask the court to order the sale of the property under its supervision. The net proceeds from the sale of the property will be applied to reduce the amounts secured. If the net proceeds are less than the amounts secured, you must pay us the difference, and we may obtain a judgment against you to pay us the difference. If the net proceeds are more than the amounts secured, the excess will be paid to you.

(iii) Lease the Property - If your default continues for 15 days, we may, on 15 days' notice to you, lease the property; if your default continues for 30 days, we may, without notice to you, lease the property. We may apply the net proceeds of any lease to reduce any part of the amounts secured. If the net proceeds of any lease are less than the amounts secured, you must pay us the difference. If the net proceeds are more than the amounts secured, the excess will be paid to you.

(iv) Power of Sale - If your default continues for 15 days we may, on at least 35 days' written notice to you delivered in accordance with the *Mortgages Act* (Ontario), enter on and sell the whole or any part of the property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may cancel, amend or not complete any contract of sale without being responsible for any resulting loss. The net proceeds from any sale of the property will be applied to reduce the amounts secured. If the net proceeds are less than the amounts secured, you must pay us the difference, and we may obtain a judgment against you to pay us the difference. If the net proceeds are more than the amounts secured, the excess will be paid to you.

(v) Enter on the Property - We can enter on the property at any time without your permission and inspect, collect rents or manage the property, repair or complete construction of any building or other improvement on the property and do anything else that we are entitled as mortgagee to do. Any costs we incur will be added to the mortgage loan amount and will bear interest at the mortgage rate.

(vi) Appoint a Receiver - We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from the property. The receiver will be your agent, not ours, and you will be responsible for any of the receiver's acts or omissions. We are not accountable for any monies received by the receiver except to the extent that we actually receive any such monies. The receiver may use every remedy which we have under the mortgage to collect the income from the property, take possession of the whole or part of the property, manage the property and keep it in good condition. From the income collected, the receiver may pay all rents, taxes, rates, insurance premiums and other expenses required to keep the property in good condition, the commissions and fees charged by the receiver, all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing, interest owing under the mortgage and all or any part of the amounts secured whether or not due.

(vii) Possession - We can take possession of the property at any time, without your permission, and take all necessary action to recover and keep possession of the property. We will not be considered to be a mortgagee in possession unless we actually take possession of the property. We may lease or sell the property without actually entering into possession of the property. While in possession, we will only be accountable for money actually received by us.

(viii) Personal Property – We may distrain upon any of your furniture, fixtures, equipment and other personal possessions that is located on the property for arrears of interest and all costs and expenses incurred in such distress and may also distrain for arrears of principal and regular payments of taxes, if required, in the same manner as if the same were arrears of interest. At our option, we may also remove any such personal possessions and store or dispose of them, without payment to you, and all costs that we incur to do so may be added to the amounts secured.

(b) No Interference

If, in enforcing any of our remedies, we take possession of the property, neither you nor any person claiming an interest in the property through you will interfere with our possession, the possession of any receiver we may appoint or with the possession of any person to whom the property is leased or sold and you will not make any claim against any person to whom the property may be leased or sold.

(c) Notice

When any notice is given by us in connection with the enforcement of our rights under the mortgage, the notice may be given in any manner permitted or provided by the laws applicable thereto or, subject to those laws, may, at our option, be given by us by leaving it with an adult person on the property if occupied, by placing it on some portion of the property if unoccupied, by mailing it by prepaid registered mail addressed to you at your last known address, or by publishing it once in a newspaper having a general circulation in the city, town, municipality or area in which the property is located; and such notice will be sufficient even if it is not addressed to any person by name or designation and even if any person to be affected by the notice may be unborn, unknown, unascertained or under any disability; and, subject to the laws from time to time applicable to the notice, such notice will be as effectual as if it had been personally served upon all persons required to be served by it.

(d) Our Expenses

You agree to pay immediately upon our request all of the expenses which we incur in enforcing any of our remedies. These expenses include all our legal fees and disbursements, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees.

(e) Delay in Enforcement

Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or if we give you or anybody else an extension of time. We may still insist that you make all payments on time and comply with your obligations, require payment of the amounts secured if you are in default and require any other person, including, without limitation, a guarantor, who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the mortgage loan amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also pay us interest to the date of the subsequent payment and the expenses that we have incurred.

(f) Judgments

If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not operate as a merger of any covenant of the mortgage and will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage and the mortgage loan agreement. Even if we obtain a court order or judgment, until the amounts secured are paid in full, interest is payable on the amounts secured at the mortgage rate or in accordance with applicable law, whichever is higher.

(g) No Prejudice for Failure to Exercise Our Rights

A failure by us to exercise at any time or from time to time any of our rights under the mortgage will not prejudice the subsequent exercise of those rights or any other rights that we have at law. No performance or payment by us in respect of any breach or default will relieve you from any default, and no waiver at any time or from time to time of any such rights by us will prejudice such rights in the event of any future default or breach.

29. EXPROPRIATION

If the entire property is expropriated, the amounts secured will immediately become due and payable and any payment on account of the mortgage loan amount will be treated as an early repayment and will be subject to the prepayment charge in section 8(c).

If only a part of the property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the amounts secured. If, in our opinion, the remainder of the property does not constitute adequate security for the amounts secured, then in our sole discretion, all or part of the amounts secured will immediately become due and payable and any payment on account of the mortgage loan amount will be treated as an early repayment and will be subject to the prepayment charge in section 8(c).

We have the right to order a survey and/or property valuation of the property in order to ascertain the value of the expropriated portion of the property and the remaining property. Any and all reasonable costs, charges and expenses for such survey and/or property valuation are payable by you immediately and, if not paid, will be added to the amounts secured and will bear interest at the mortgage rate.

30. GUARANTEE

In consideration for our making a mortgage loan to the borrower, each person who signs the mortgage or the mortgage loan agreement as guarantor unconditionally and irrevocably guarantees to us, as principal debtor and not as surety, the due and punctual payment of the amounts secured and the due and punctual performance of all of the other obligations of the borrower under the mortgage and the mortgage loan agreement. Each guarantor, if there is more than one, will be jointly and severally liable with the borrower and with each other guarantor for payment of the amounts secured and performance of all other obligations of the borrower under the mortgage and the mortgage loan agreement. We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment of any amounts secured, extend the term of the mortgage loan, deal with any security (including, without limitation, the mortgage) or the property including, without limitation, releasing, realizing on or replacing any security we may hold, give releases or discharges, increase the mortgage rate, amend the terms of the mortgage or the mortgage loan agreement and generally deal with all matters affecting the mortgage and the mortgage loan agreement and the obligations of the borrower either before or after requiring payment from any person, without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and the obligations of any guarantor will not be altered by the bankruptcy of the borrower or any guarantor. The enforcement of the obligations of a guarantor under this section 30 may take place before, after or at the same time as the enforcement of the obligations of the borrower or any other guarantor under the mortgage or the enforcement of any security for any such obligation. Each guarantor acknowledges that he, she or it has read the mortgage and the mortgage loan agreement and is fully aware of their terms and in particular the terms of this section 30, and acknowledges that this guarantee is not subject to any escrow or any agreement that it is not effective until any condition has been complied with.

31. DISCHARGE AND ASSIGNMENT

After you have paid us the amounts secured and fulfilled all of your other obligations under the mortgage and the mortgage loan agreement, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. You will pay our then current administration or processing fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by our lawyer or by us. It is your responsibility to register the discharge or assignment on title to the property and to pay the registration fee.

32. ADMINISTRATION FEES

You agree to pay us, when due, our then current administration and processing fees in connection with the administration of the mortgage, including, without limitation, for the preparation of any assumption, amending or other agreement, statements for information purposes, and the dishonour of any cheque, pre-authorized payment or other instrument for payment of any of the amounts secured.

If not paid, such fees will be added to the amounts secured and will bear interest at the mortgage rate.

The amount of such fees in effect at any time is available by calling the telephone number set out in the mortgage loan agreement or by visiting the internet website set out in the mortgage loan agreement.

33. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the *Ontario New Home Warranties Plan Act* applies to the property, you agree to comply with the requirements of such act and any other requirements of Tarion Warranty Corporation and to reimburse us for any costs which we incur in complying with such requirements on your behalf if you fail to do so and to reimburse us for any costs which we incur in enforcing your rights under such act if you fail to do so. Such costs are payable by you immediately and, if not paid, will be added to the amounts secured and will bear interest at the mortgage rate.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200642 Cote

34. CHANGE OF CORPORATE CONTROL

If the borrower is a corporation, the borrower agrees that if (a) the borrower fails to supply to us, in a form satisfactory to us, such information relating to the ownership of its shares as we may from time to time require, or (b) without our prior written consent, (i) the borrower issues or redeems any of its shares or any of its shares are transferred, or (ii) there is a transfer of the legal or beneficial interest of any of the shares of the borrower, or (iii) the borrower amalgamates, merges or consolidates with any other person or corporation, and the result of any such event is a change in the effective control of the majority of the voting shares of the borrower, then the amounts secured will immediately become due and payable at our option, and our power of sale and all other remedies for enforcement will be exercisable.

35. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date, regardless of the date that the mortgage was signed.

36. WHO IS BOUND

The mortgage is binding on each person who signs it as a mortgagor (chargor), any person to which the property is transferred and the successors, assigns, heirs and personal representatives of each such person. The mortgage is also binding on and enures to the benefit of our successors and assigns and on anyone to whom we may assign the mortgage. We may, without your consent or notice to you, assign to another financial institution or other entity or person all or part of our rights, benefits and interest under the mortgage, and in connection with such assignment we may provide personal information about you to any such assignee or their agents. An assignment by us will not cause the mortgage to cease to operate nor entitle you to a discharge of the mortgage.

Every person who signs the mortgage as borrower is jointly and severally liable to comply with all obligations under the mortgage and the mortgage loan agreement.

37. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

38. HEADINGS

Headings in the mortgage do not form part of the mortgage and are used only for easy reference.

39. STATUTE REFERENCES

Unless expressly stated otherwise, any reference in this set of standard charge terms to a statute is a reference to such statute and the regulations thereunder, if any, as such statute and regulations may be amended or replaced from time to time.

40. GOVERNING LAW

This set of standard charge terms and the mortgage will be governed by the laws of the Province of Ontario.

41. ENTIRE AGREEMENT

The mortgage loan agreement and the mortgage constitute the entire agreement between the borrower and the mortgagee concerning the matters addressed therein. The mortgage is in addition to, and not in substitution for, any other security that we may have in the property of the borrower or the property of any other person.

42. AMENDMENTS TO STANDARD CHARGE TERMS

This set of standard charge terms may be amended and specific provisions added, deleted or changed by adding a schedule to the form of charge registered in the land registry office.

STANDARD CHARGE TERMS
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43. EXCLUSION OF STATUTORY COVENANTS

The covenants contained in section 7(1) of the *Land Registration Reform Act* (Ontario) are excluded from the mortgage.

44. EQUIVALENT RATES

The interest rate payable on the mortgage loan amount under a variable rate mortgage is calculated monthly not in advance. The table below sets out what would be the equivalent interest rate if the interest were calculated half-yearly not in advance.

Interest rate per annum calculated monthly not in advance (%)	Equivalent Interest rate per annum calculated half-yearly not advance (%)	Interest rate per annum calculated monthly not in advance (%)	Equivalent Interest rate per annum calculated half-yearly not advance (%)
2.0000	2.00835	10.000	10.21066
2.1250	2.13443	10.125	10.34099
2.2500	2.26057	10.250	10.47139
2.3750	2.38678	10.375	10.60185
2.5000	2.51306	10.500	10.73238
2.6250	2.63940	10.625	10.86298
2.7500	2.76580	10.750	10.99365
2.8750	2.89228	10.875	11.12438
3.000	3.01881	11.000	11.25519
3.125	3.14542	11.125	11.38605
3.250	3.27208	11.250	11.51699
3.375	3.39882	11.375	11.64800
3.500	3.52562	11.500	11.77907
3.625	3.65249	11.625	11.91021
3.750	3.77942	11.750	12.04141
3.875	3.90642	11.875	12.17269
4.000	4.03348	12.000	12.30403
4.125	4.16061	12.125	12.43544
4.250	4.28781	12.250	12.56692
4.375	4.41507	12.375	12.69846
4.500	4.54240	12.500	12.83008
4.625	4.66979	12.625	12.96176
4.750	4.79725	12.750	13.09351
4.875	4.92478	12.875	13.22533
5.000	5.05237	13.000	13.35721
5.125	5.18003	13.125	13.48916
5.250	5.30776	13.250	13.62118
5.375	5.43555	13.375	13.75327
5.500	5.56341	13.500	13.88543
5.625	5.69133	13.625	14.01766
5.750	5.81932	13.750	14.14995
5.875	5.94738	13.875	14.28231
6.000	6.07550	14.000	14.41474
6.125	6.20369	14.125	14.54724
6.250	6.33195	14.250	14.67981
6.375	6.46027	14.375	14.81244
6.500	6.58866	14.500	14.94514
6.625	6.71711	14.625	15.07791
6.750	6.84564	14.750	15.21075
6.875	6.97423	14.875	15.34366
7.000	7.10288	15.000	15.47664
7.125	7.23160	15.125	15.60968
7.250	7.36039	15.250	15.74279
7.375	7.48925	15.375	15.87597
7.500	7.61817	15.500	16.00922
7.625	7.74716	15.625	16.14254
7.750	7.87621	15.750	16.27593
7.875	8.00534	15.875	16.40939
8.000	8.13452	16.000	16.54291
8.125	8.26378	16.125	16.67650
8.250	8.39310	16.250	16.81016
8.375	8.52249	16.375	16.94389
8.500	8.65195	16.500	17.07769
8.625	8.78147	16.625	17.21156
8.750	8.91106	16.750	17.34550
8.875	9.04072	16.875	17.47950
9.000	9.17045		
9.125	9.30024		
9.250	9.43010		
9.375	9.56002		
9.500	9.69002		
9.625	9.82008		
9.750	9.95021		
9.875	10.08040		

Interest rate per annum calculated monthly not in advance (%)	Equivalent Interest rate per annum calculated half-yearly not advance (%)	Interest rate per annum calculated monthly not in advance (%)	Equivalent Interest rate per annum calculated half-yearly not advance (%)
17.000	17.61358	19.000	19.76815
17.125	17.74772	19.125	19.90340
17.250	17.88193	19.250	20.03872
17.375	18.01621	19.375	20.17411
17.500	18.15056	19.500	20.30956
17.625	18.28498	19.625	20.44509
17.750	18.41947	19.750	20.58068
17.875	18.55403	19.875	20.71635
18.000	18.68865	20.000	20.85208
18.125	18.82335		
18.250	18.95811		
18.375	19.09295		
18.500	19.22785		
18.625	19.36282		
18.750	19.49786		
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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200642 Coto

STANDARD CHARGE TERMS
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Filing No. 200643 Cote
Filing Date DEC. 4th 2006 Date de Dépôt
Page 1 of/de 19 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Standard Charge Terms
Land Registration Reform Act

Filed By:	CIBC Trust Corporation
Filing Number:	
Filing Date:	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms:

Mortgage means:

- the Charge/Mortgage of Land which is the part of this mortgage that is or will be registered against the title to your property;
- this set of Standard Charge Terms;
- any Schedules that are attached to the Charge/Mortgage of Land; and
- any renewals or amendments.

You and **your** mean each person, corporation and other entity who has signed the mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity.

We, us, and **our** mean the mortgagee described in the Charge/Mortgage of Land.

CIBC means Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. It includes all buildings and structures on the land now or added later, as well as anything attached now or later to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount is the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Your regular payment means the amount of each payment as described on the Charge/Mortgage of Land.

Loan amount means the amount of money you owe us at any given time under this mortgage. It is the balance you owe on the loan. The loan amount may include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other charges and interest on other charges. Other charges may include the expenses of enforcing our rights as well as paying off any prior charges against your property. These may include such things as:

- costs for preparing and registering this mortgage;
- costs for providing insurance, if we decide to insure your property;
- costs for inspecting your property;
- all of our administrative and legal costs; and
- paying any charges or liens against your property that we have not agreed to in our loan approval document such as taxes owing on your property.

Interest Adjustment Date is the date identified as the interest adjustment date in the mortgage. It is one payment period before the first regular payment date.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property to us. In return, we make a loan to you for the principal amount, or any part of the principal amount as is advanced to you from time to time. This means that your interest in your property is security to us for repayment of the loan amount and your performance of all your obligations under the mortgage.

You agree to pay the loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage, including paying all taxes on your property.

Our interest in your property ends when you have repaid the total loan amount, as provided in the mortgage, and you have met all of your obligations under this mortgage.

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2.1 *Your interest in your property*

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this mortgage.

If you are a tenant or a lessee of your property, you charge and sublease your entire interest in your property to us for the entire term of the lease (except the last day), including any renewals. Your interest in your property includes any option or right of first refusal to purchase.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately. If you do not pay them, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

2.2 *Who is obligated by this mortgage*

The obligations under this mortgage are the collective and individual responsibility of each person, corporation and other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage and paying the entire loan amount, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Our successors and anyone to whom we transfer this mortgage is also obligated by this mortgage.

2.3 *Changing or renewing this mortgage (also important to anyone who has a subsequent interest in your property)*

We may make written agreements with you to change any part of this mortgage. These agreements could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the mortgage. Even if we do not register these agreements, this mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the mortgage.

Any new agreement we make with any borrower or any other person who is obligated to pay the loan amount will not release or affect the liability of others who are obligated under this mortgage, even if they do not sign or are not advised of the new agreement.

2.4 *Making material changes*

Any agreement, whether verbal or in writing, to make material changes to the mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original Charge/Mortgage of Land, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the mortgage.

3. Interest

3.1 *Interest rate*

You will find the interest rate on the Charge/Mortgage of Land or on the Schedule attached to the Charge/Mortgage of Land.

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Interest is payable on the loan amount at this rate until the total loan amount has been paid, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.2 Payment frequency

Interest is payable at the frequency shown on the Charge/Mortgage of Land.

3.3 Calculation of interest

Interest is calculated and compounded semi-annually, not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six month period commencing on that date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest on amounts advanced to you before the interest adjustment date

3.4 Interest on amounts advanced to you before the interest adjustment date

Interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated daily using the interest rate specified in the mortgage on the date we advance you the money.

3.5 Interest on overdue amounts

If you do not make the regular mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is shown on the Charge/Mortgage of Land and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately, both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

3.6 Interest adjustment when payment frequency changes

If you are not in default on your loan, we may, at our option, permit you to change your payment frequency. If we permit you to change your payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your loan, or we may add the interest adjustment and administration or processing fees to the loan amount, or we may do both.

3.7 If you are, or if you become, a non-resident of Canada

If you are a resident of a country other than Canada, or if you cease to be a resident of Canada during the term of the mortgage, certain taxes may be payable to a non-Canadian taxing authority on the interest payments on your mortgage. In that case, you must still pay us the full amount of interest that you have agreed to pay us in this mortgage, without deducting any amount to pay the foreign taxes. It is your responsibility to pay all taxes (including withholding taxes) required under foreign law in connection with the interest payments on your mortgage.

4. Payments on the loan amount

4.1 Currency and place of payment

You will pay the loan amount to us in Canadian dollars at the address shown on the Charge/Mortgage of Land.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 Regular payments

You must make regular payments to us for the principal and interest. The amount of each payment and the payment dates are shown on the Charge/Mortgage of Land. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the loan amount on the balance due date. You can find the balance due date on the Charge/Mortgage of Land.

4.3 Bank account for payments

You must maintain a bank account that is satisfactory to us and give us authorization to automatically deduct each payment of principal, interest) when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your loan, or add these fees to the loan amount, or do both.

4.4 Payments on amounts advanced to you before the interest adjustment date

We may advance to you part of the principal amount before the interest adjustment date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the interest adjustment date:

- we may ask you to pay the interest on this amount on the interest adjustment date;
- we may deduct the interest from your bank account on the interest adjustment date;
- we may deduct the interest from the remaining amount of the principal that we advance to you; or
- we may deduct the interest from your bank account on the first regular payment date.

4.5 Payment on default

If you do not meet one or more of your obligations under the mortgage, including your obligation to make payments, you must immediately pay to us all overdue amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest) on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the loan amount. We may also use any of our rights stated in section 4.6 below.

4.6 Demand to repay the total loan amount immediately

We may require you to repay the total loan amount immediately if:

- you do not make any payment required by the mortgage;
- you do not meet one or more of your obligations under the mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this mortgage, or when you applied for the mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days; or
- your property is abandoned.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this mortgage.

4.7 How we apply your payments

We will apply payments we receive from you in the following order:

1. To pay any collection expenses.
2. To pay any applicable administration and processing fees.

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3. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the principal amount accumulated up to, but not including, the payment date.
4. To reduce the principal amount.

However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

4.8 Changing the amount of your regular payment

Once each calendar year, on any regular payment date, you may increase the amount of your regular payment by up to 15% of the original regular payment amount, without paying a prepayment charge. The total of these increases during the term of your mortgage cannot be more than 100% of your original regular payment amount.

You may also decrease the amount of your payment, but only if the amortization period for the mortgage, which results from that decreased payment amount does not exceed the remaining amount of time left in the original amortization period.

To qualify for increasing or decreasing your payments, you must also meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes;

4.9 Prepaying your open mortgage without paying a prepayment charge

(applies ONLY if you have an open mortgage)

If this is an **open mortgage,** you may prepay all or any part of the loan amount at any time without paying a prepayment charge. To qualify, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.10 Prepaying your closed mortgage without paying a prepayment charge

If you have a **closed mortgage,** you may, once in each calendar year, prepay up to 15% of the original principal amount without paying a prepayment charge. The following conditions apply to making lump-sum prepayments:

- you may only make -one prepayment in a calendar year, and the prepayment may only be made on a regular payment date;
- each prepayment must be at least $100.00;
- if you do not use any or all of this privilege in a calendar year, you cannot carry forward any unused portion of the privilege to a future calendar year;
- this privilege of prepayment without paying a prepayment charge does not apply if you prepay the entire principal amount of the mortgage, even if you have not used this privilege in the calendar year when the mortgage is paid off;
- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.11 Prepaying your closed mortgage with prepayment charges

After the end of the fifth year of your mortgage

If the term of your mortgage is greater than five years and you are not a corporation, you may prepay the entire outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay, in addition to the outstanding loan amount owing on the date of prepayment.

Before the end of the fifth year of your mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

Prepaying a closed mortgage

If you have a **closed mortgage,** you may prepay some or all of the outstanding principal amount of your mortgage before maturity. The following conditions will apply.

If you make a **partial** prepayment that is more than what is allowed in section 4.10, a prepayment charge will be applied to the amount of your prepayment that is more than what is allowed in section 4.10. If you prepay the **entire** outstanding principal amount, a prepayment charge will be applied to the full amount of the prepayment.

In both cases, this prepayment charge will be payable in addition to regular interest at the rate specified in your mortgage. Also, in both cases, the prepayment charge will be the **higher** amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated at your existing annual interest rate; or
- the interest rate differential amount, which is explained below.

The interest rate differential amount is the **difference** between the following two amounts:

1. The interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated from the prepayment date to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate.
2. The interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated from the prepayment date to the maturity date of your mortgage, at the interest rate posted by CIBC Mortgages Inc. on the date we prepare the payout statement for a closed CIBC brand residential fixed rate mortgage product that is similar to yours, and that has a term similar to the remaining term of your mortgage. Where there are two such products with terms identical to the remaining term of your mortgage, we will use the product with the shorter term to calculate the interest rate differential. For example, if the remaining term of your mortgage is 18 months, both the 12-month and the 24-month term CIBC brand residential fixed rate mortgages have terms similar to the remaining term of your mortgage. We will use the product with the 12-month term to calculate the interest rate differential.

You can ask us to provide you with a statement of the amount required to prepay your mortgage. You can specify the date you wish to make the prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement.

4.12 Prepayment charges for non-residents

If you are a resident of a country other than Canada at the time you prepay your mortgage, any prepayment charge may be considered as "interest" and certain taxes may be payable to a non-Canadian taxing authority on the prepayment charge. In that case, you must still pay us the full amount of the prepayment charge that you have agreed to pay us in this mortgage, without deducting any amount to pay the foreign taxes. It is your responsibility to pay all taxes (including withholding taxes) required under foreign law in connection with the prepayment charge.

4.13 Date of the mortgage

You agree that for purposes of defining the date of the mortgage for any statutory right of prepayment, renewal and early renewal, the date of the mortgage is the interest adjustment date. This is the case even if the mortgage or renewal agreement or early renewal agreement was signed on a different date.

5. Your obligations related to your property

5.1 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

5.2 If you are a tenant or a lessee of your property

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, and that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign the mortgage.
- You have met all of your obligations under your lease up to the date you sign the mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, or registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rents and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.
- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.
- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in the property and in your lease has been fully charged to us and that the loan amount is adequately secured. You will pay all costs and charges related to doing so.
- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.
- You will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for us. You will only deal with your property on the last day in the way that we require. You will have the same rights arising from this paragraph of your mortgage as you already have under the rest of the mortgage and under the law. You agree that we may remove you or any other person as trustee of this trust, and that we may appoint a new trustee.
- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.

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- If we enforce our rights under the mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors.
- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under the mortgage, including our right to sell your property under power of sale.

5.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

5.4 Insurance

(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your mortgage, or add the amount to the loan amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the loan amount, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you.

5.5 *Property taxes*

You are responsible for paying all taxes relating to your property. You must provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must pay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to the loan amount.

5.6 *Repairs*

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may declare that you are in default on your mortgage, or add the costs to the loan amount, or do both.

5.7 *Leasing or renting your property to another person*

If your property is approved by us as owner-occupied residential premises, you certify that no part of your property is rented or occupied by a tenant. You also agree **not** to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease on your property.

If your property is a rental property, we must consent to any rental. You also assign to us all leases, lease agreements and renewals, present and future, and all rents payable under these leases and agreements, and all rights under these leases and agreements as they affect your property. You must obtain our written approval before any future leases of your property are made, and before the renewal of any lease (unless it is a renewal provided for in a lease we have already approved).

If you lease any part of your property to another person in the future, you must do the following, if we ask you to:

- Sign and deliver to us an assignment of all leases, lease agreements, renewals, rents payable under the leases and agreements, and all rights contained in the leases, lease agreements and renewals that affect your property. The assignment must be suitable for registration and acceptable to us. We may also require that the assignment provide for obtaining estoppel certificates from tenants. We may also require that the assignment include specific assignments of leases. An estoppel certificate is a written statement from a tenant certifying, for example, the terms of the lease, or any promises made to them about the lease.

- Give us security on fixtures, equipment and other movable property or chattels as we may reasonably require.

You must pay all of our expenses related to the additional security. These expenses may include legal fees and registration costs.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will also be considered to have done this to adversely affect the value of our interest in the property, as described in the *Mortgages Act*.

If you do not meet one or more of these obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the full loan amount immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property.

Nothing we do under this section will be considered as us taking possession of your property.

5.8 *Hazardous or illegal substances, environmental regulations, and illegal activities*

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If your mortgage is insured by the Canada Mortgage and Housing Corporation (CMHC) or by Genworth Financial Mortgage Insurance Company Canada (Genworth), CMHC or Genworth, or their agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the costs of any testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we, CMHC, or Genworth enforce our rights under this section, we, CMHC or Genworth will not be considered to have taken possession, management or control of your property. This also applies to our agents and agents of CMHC and Genworth.

5.9 Ontario New Home Warranties Plan Act

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

5.10 Possession of your property on default

You certify to us that if you fail to meet any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference.

6. Condominium

(applies ONLY to property that is a condominium unit)

6.1 Compliance with the Condominium Act, 1998

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

6.2 Payment of amounts and common expenses

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

6.3 Notices and demands

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

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- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

6.4 *Voting rights*

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act,1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

6.5 *Acceleration of repayment of the loan amount*

At our option, the loan amount will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act,1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act,1998*, its declaration, by-laws or rules and regulations;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements as required by section 9.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

6.6 *Insurance*

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

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If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or
- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

7. Our rights

7.1 *We are under no obligation to make advances to you under the mortgage*

We may, for any reason, decide not to advance you all or any part of the principal amount, even if:

- you have signed this mortgage;
- this mortgage has been registered; or
- we have already given you part of the principal amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the mortgage. These costs will include legal fees, charged on a "substantial indemnity" basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the mortgage, or add them to the loan amount, or do both.

7.2 *Releasing your property from the mortgage*

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the loan amount. Your obligations, and the obligations of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

7.3 *Enforcing our rights*

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the mortgage, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference.
- **Appoint a receiver.** We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:

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  - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
  - its own commission as receiver;
  - all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing;
  - interest owing under the mortgage; and
  - all or any part of the loan amount, whether it is due or not.
- **Sue you.** We may take any action that is necessary to collect the loan amount.
- **Lease your property or collect rents.** If you are in default on the mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Power of sale.** If you are in default on the mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale, after paying all costs and expenses, to reduce any part of the loan amount. We will only be responsible for the money remaining after we pay all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Foreclosure or sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
- **Cure any defaults.** We can cure any defaults under the mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

7.4 *Delay in enforcing our rights*

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the mortgage;
- require payment of the loan amount if you are in default; and
- require any other person who has obligations under the mortgage, including a guarantor, to meet those obligations.

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7.5 *If we do not enforce our rights on a particular default*

In some cases, we may not enforce our rights on a particular default by you or a guarantor. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

7.6 *Court orders and judgments*

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage, including our right to receive interest as required by the mortgage.

7.7 *Doctrine of consolidation*

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

7.8 *Administration and processing fees*

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of your mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the loan amount. We will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees may include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your mortgage, or add these fees to the loan amount, or do both.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available by contacting us.

7.9 *Certain actions we can take*

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you are a tenant or a lessee of your property, we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

Any payments we make under the mortgage will be added to the loan amount. We will charge you interest on these payments from the date we pay them at the interest rate specified in your Charge/Mortgage of Land. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

8. What happens if your property is sold or transferred

If you transfer title, or agree to transfer title, to your property to anyone, we may require you to pay the entire loan amount immediately. Accepting any payment from any person will not mean that we have given up our right to require you to pay the full loan amount immediately.

9. Guarantee

Each person who signs the mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the loan amount as and when required by the mortgage; and
- to meet all other obligations of the borrower under the mortgage.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage. This means that each individual guarantor is responsible for meeting all obligations under the mortgage, including payment of the entire loan amount.

We may, at any time or times, do any of the following, without notifying any guarantor and without obtaining the consent of any guarantor:

- extend the time for payment;
- give a renewal;
- amend any agreement;
- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the mortgage; and
- deal with any other matter affecting the mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

10. Assumption of the mortgage

If you are not the original borrower, you agree to all obligations of the original borrower under the mortgage as if you had signed the original mortgage.

11. Expropriation

If your entire property is expropriated, the loan amount will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, plus any loss of interest.

12. *Family Law Act*

You certify to us that all information that you gave us about your marital status and your property when applying for the loan, and the statements made in the Charge/Mortgage of Land are true and accurate under the *Family Law Act*.

13. If part of the mortgage is not valid

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

14. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the mortgage.

15. *National Housing Act*

All CMHC insured mortgages are made according to the *National Housing Act*.

16. Reference to laws

Any reference to legislation in the mortgage includes amendments and replacements to that legislation in force from time to time.

17. Discharge

After you have paid us the loan amount, we will sign a discharge and send it to you within a reasonable time. Or, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge. If electronic registration is available for your mortgage, we may provide your lawyer with written authorization to discharge the mortgage on our behalf or, if you ask us to, to assign or transfer the mortgage.

You will pay our usual administration and processing fee for preparing, reviewing and signing any such documents and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee.

DATED at Toronto, this 28th day of November, 2006.

Patricia Knight
Solicitor for CIBC Trust Corporation

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Filing No. 200644 Cote
Filing Date Dec-7th 2006 Date de Dépôt
Page 1 of/de 20 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

CIBC

Consumer General Collateral Mortgage
Standard Charge Terms
Land Registration Reform Act

Filed By:	Canadian Imperial Bank of Commerce
Filing Number:	
Filing Date:	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms:

Mortgage means:

- the Charge/Mortgage of Land, which is the part of this mortgage that is or will be registered against the title to your property;
- any schedules that are attached to the Charge/Mortgage of Land; and
- this set of Standard Charge Terms.

You and **your** mean each person, corporation and any other entity who has signed this mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and any other entity.

We, us, and **our** mean Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. This includes all buildings and structures on the land now or added later, as well as anything attached to the land or any building or structure on the land now or added later. Under this mortgage, your property also includes any improvements, substitutions, additions or alterations made to any building, structure or the land during the period this mortgage is in effect. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount means the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Costs mean all amounts, in addition to the principal amount and interest on the principal amount, that you must pay under this mortgage or under any agreement. Costs include any interest on these amounts that you owe us.

Debt means the amount of money you owe us at any given time, regardless of when or how that obligation occurred. It includes **all** amounts of money you either owe us now or will owe us in the future. You can be liable for debt in many ways, including:

- dealing directly with us, such as signing an agreement with us or borrowing money from us;
- through your agreements with others where we become your creditor;
- as borrower of the principal amount of another loan; or
- as guarantor of any loan.

The debt can include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other costs and interest on other costs.

Agreement means any agreement, note, guarantee, or other document between you and us that relates to the debt. It also includes changes to these documents and any replacement to any of the documents.

Interest Adjustment Date means the date identified as the interest adjustment date on the Charge/Mortgage of Land. If there is no Interest Adjustment Date identified on the form, the Interest Adjustment Date is the date you sign this mortgage.

CIBC Prime Rate means the annual variable reference rate of interest that the Canadian Imperial Bank of Commerce (CIBC) declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

Lien means a claim by a person or corporation or by a government authority against property belonging to another person or corporation until a debt owed by that person or corporation is totally paid. A lien can take many forms such as a mortgage, charge, assignment, security interest, judgment or attachment.

2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property, both present and future, to us. Your interest in your property is security to us for repayment of the debt and your performance of all your obligations under this mortgage or any agreement.

You agree to pay the debt as required by this mortgage and all agreements, and to meet all of your obligations under this mortgage and under all agreements.

2.1 Your interest in your property

If you own your property, you certify that you are the lawful owner of your property and have a right to give us this mortgage.

If you are a tenant or you are leasing your property, you charge your entire interest in your property to us for the entire term of the lease (except the last day) including any renewals, and your interest in your property includes any option or right of refusal to purchase. You certify that:

- your property is leased to you under a valid lease, and you have given us a copy of the lease; and
- you have the right to mortgage your interest in the leased property to us.

In all cases, you also certify that there are no liens affecting your interest in your property, except those that have been registered in the land registry office where this mortgage is registered or liens approved by us in writing. An example of a lien would be another mortgage.

You also certify that building and zoning by-laws for the property have been complied with.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been fully charged to us so that the debt is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that your interest in your property has been charged to us.

2.2 Who is obligated by this mortgage

The obligations under this mortgage are the collective and individual responsibility of each person, corporation and any other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage or any agreement and paying the entire debt, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Anyone to whom we transfer this mortgage is also obligated by this mortgage.

You will continue to be obligated under this mortgage even if your property is transferred or there are changes to this mortgage or any of the agreements.

2.3 Maximum amount secured

The maximum amount secured under this mortgage is the total of:

- the principal amount;
- interest on the principal amount;
- costs;
- interest on unpaid costs; and
- interest on unpaid interest.

The debt may be more than the maximum amount secured.

2.4 Continuing security

This mortgage is continuing security for the debt.

This mortgage is not affected by any of the following events:

- any change in the amount or type of debt;

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- any change in any accounts related to the debt;
- any change in any agreement; or
- the reduction of the debt to zero at any particular time.

Even if one or more of these events occurs, this mortgage will still be in effect and will not be considered to be discharged

2.5 *Additional security*

This mortgage is in addition to any other security that we may hold now or in the future for any part of the debt. It does not replace any security that we may hold now or in the future for any part of the debt.

If we obtain a judgment against you, we will be able to rely on our rights under both the judgment and this mortgage. The judgment will not affect any other security we may have. We will be entitled to interest on any judgment at the interest rate shown on the Charge/Mortgage of Land until we are fully paid.

This mortgage does not prevent us from using other means to obtain repayment of the debt.

2.6 *Securing more than one obligation*

This mortgage may secure more than one obligation to us. The interest rate and other terms of the obligations that are included in the relevant agreement are not changed or affected by this mortgage.

2.7 *Making material changes*

Any agreement to make material changes to the mortgage terms and conditions will apply to every person, corporation and entity who signed the Charge/Mortgage of Land, including guarantors, as well as to those who agree to the changes in writing. This applies even if all persons, corporations and entities who signed the Charge/Mortgage of Land do not agree to the changes in writing, or are not advised of the changes. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of this mortgage.

3. Interest

The interest rate you pay on any part of the debt will be the rate stated in the agreement you sign that relates to that part of the debt. Interest will be calculated as stated in the relevant agreement. If the method of calculating interest is not stated, interest will be calculated and compounded monthly. If the interest rate is not stated in the relevant agreement, you will pay interest at the rate shown on the Charge/Mortgage of Land. Interest on overdue interest will be calculated at the same rate.

Interest is payable on the debt until it has been paid, both before and after the demand, before and after default, and before and after we obtain any court judgment against you.

For purposes of calculating interest, a year is always 365 days, even in a leap year.

4. Costs

You must pay us, when we demand, all of our costs related to this mortgage, your property, or any agreement. These amounts are payable immediately to us. You must pay interest on these costs from the date they are paid by us until you repay them.

If you do not pay them, we may declare you in default on this mortgage. We may also add these amounts to the debt and charge you interest on them until you repay them.

You must pay us these costs even if we have not advanced you any money under this mortgage or any agreement.

Examples of these costs include:

- investigating the title to your property;
- preparing, signing and registering this mortgage and any related documents;
- lawyer's fees and disbursements, charged on a "substantial indemnity" basis;

- appraising, inspecting, protecting, repairing, or insuring your property;
- enforcing any of our rights (including taking possession of your property) under this mortgage;
- preparing your property for sale or lease and selling or leasing it; and
- legal expenses, expenses of our agents, and any other costs of protecting our rights, including a reasonable allowance for the time and services of our employees.

5. Payments

5.1 Demand for payment

You will pay us the debt when we demand that it be paid. We will not demand repayment of the debt unless:

- we have the right to demand repayment under this mortgage or any agreement, or
- you are in default on this mortgage or any agreement.

Any demand for repayment of the debt will be done in writing. We will either deliver this notice to you personally, or mail it to you by first class mail to the most recent address we have on file for you. It will be considered to be received by you on the earlier of the following dates:

- the date it is delivered to you, or
- the fifth day after we mail it.

5.2 How we apply money we receive from you

Unless we have signed an agreement stating otherwise, we will apply any money we receive to reduce the debt in any way we see fit.

If the debt is more than the amount secured by this mortgage, we may decide what part of the debt is secured by this mortgage.

5.3 Prepaying the debt

You may only prepay a part of the debt if it is allowed by a written agreement that relates to that part of the debt. If prepayment is allowed, the terms and conditions related to prepayment will be found in the relevant agreement.

5.4 Date of this mortgage

You agree that only for purposes of defining the date of this mortgage for any statutory right of prepayment, the date of this mortgage is the interest adjustment date. This is the case even if this mortgage was signed on a different date.

5.5 Missed payments

If you do not make a payment as required by this mortgage or any agreement, we are not obligated to accept subsequent payments.

5.6 Demand to repay the total debt

We may require you to repay the total debt immediately if one of the following events occurs:

- you do not make any payment as required by this mortgage or any agreement;
- you do not meet one of your obligations under this mortgage or any agreement;
- you do not make a payment required for money borrowed from someone other than us;
- any statement that you make or you have made to us relating to your property, this mortgage, any agreement, the debt, or your financial situation is not true at the time it is made;
- a lien or a notice of lien is registered against your property without our prior written consent;
- you sell, transfer, lease or mortgage your property;

- you allow your property to become vacant or you abandon your property;
- the use of any part of your property changes without our prior written consent;
- you are a corporation and there is a change in effective control of the corporation or there is an order or resolution passed for winding-up, liquidating or dissolving the corporation;
- you are a partnership and there is a change in membership of the partnership or the partnership is dissolved;
- you become insolvent, you declare bankruptcy or you make a proposal in bankruptcy;
- you assign your property to other creditors;
- any proceedings are begun by you or by others against you that affect your property, other assets, or debts under any law relating to bankruptcy, insolvency, reorganization, arrangements, or relief of debtors;
- you are declared bankrupt or a receiver (including a receiver and manager), trustee, custodian or other similar official is appointed for you or for any part of your property; or
- a power of sale or foreclosure has begun against all or any part of your property.

If any one of the circumstances listed above occurs, you are not meeting your obligations under this mortgage.

If we demand repayment of the debt in any of these circumstances, it will not affect our right to demand payment in any other circumstances covered by this mortgage or any agreement and will not affect any of our other rights under this mortgage or any agreement.

6. Your obligations related to your property

6.1 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere with our interest in your property.

6.2 If you are a tenant or a lessee of your property

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, and that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign this mortgage.
- You have met all of your obligations under your lease up to the date you sign this mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, or registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rent and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.

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- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.
- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in your property and in your lease has been fully charged to us and that the debt is adequately secured. You will pay all costs and charges related to doing so.
- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.
- You will hold your property in trust for us for the last day of the term of your lease, and the last day of any renewal term of your lease. You will only deal with your property on the last day in the way that we require.
- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.
- If we enforce our rights under this mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors. We may remove you or anyone else as trustee of the trust and appoint one or more trustees.
- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under this mortgage, including our right to sell your property under power of sale.

6.3 *Demolition and alterations*

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building, by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. You must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we will add these to the debt.

We may make advances to you under this mortgage based on the progress in completing improvements. Any improvements will form part of your property and be covered by this mortgage.

6.4 *Insurance (does not apply if your property is a condominium unit)*

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until this mortgage has been discharged.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

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If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until this mortgage has been discharged. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we will add the amount to the debt and charge you interest on the amount at the interest rate shown on the Charge/Mortgage of Land, until you pay us that amount.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money. You must pay all expenses related to this. You agree that if we produce this mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that arises because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the debt, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you to be used by you to repair or rebuild the property.

We have the right to decide how to use the insurance money.

6.5 *Taxes*

On or before the interest adjustment date, we may withhold from any advance under this mortgage any amount we feel necessary to pay current or future taxes.

After the interest adjustment date, if we ask you to, you agree to pay us periodically a tax instalment in an amount based on the estimated annual taxes that will be payable for the following year. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments.

In either case, if the taxes on your property are more than our estimate, or if for any other reason the amount you have paid to us for taxes is less than the amount we have paid for taxes, we will charge you interest on the difference.

If you want to take advantage of any discount or avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, we may obtain these documents, but you must pay us the costs of obtaining them immediately. If you do not, we will add the cost to the debt.

We do not have to hold in trust any money you send to us for taxes. We do not have to pay interest on the money you send us to pay taxes. We do not have to pay taxes more than once a year.

If you do not meet any one or more of your obligations under this mortgage or any agreement, we may apply any money that we have received for taxes to any portion of the debt. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, we may obtain these receipts and you must pay us the cost of obtaining them. If you do not, we will add the costs of obtaining them to the debt. If, for any reason, you do not pay the taxes when required, then we may require that you pay your taxes to us as described above.

6.6 *Repairs*

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we will add the costs to the debt. If we add the costs to the debt interest will be charged on these costs at the interest rate shown on the Charge/Mortgage of Land until you pay these costs to us.

6.7 *Hazardous or illegal substances, environmental regulations, and illegal activities*

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We may enter and inspect your property and conduct any environmental testing that we consider necessary. You are responsible for the costs of these tests, including interest at the interest rate shown on the Charge/Mortgage of Land. You must pay us these costs, including interest, immediately.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this. You must pay us these costs immediately. If you do not, we will add these costs to the debt. If we add these costs to the debt, interest will be charged at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we enforce our rights under this section, we will not be considered to have taken possession, management or control of your property. This also applies to our agents.

6.8 Ontario New Home Warranties Plan Act

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in meeting your obligations or enforcing your rights on your behalf, if we choose to do so. You must pay us these costs immediately. If you do not, we will add these costs to the debt. If we add these costs to the debt, interest will be charged at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

7. Condominium (applies only to property that is a condominium unit)

7.1 Compliance with the *Condominium Act, 1998*

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

7.2 Payment of amounts and common expenses

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on this mortgage, or add these amounts to the debt, or do both. If we add these amounts to the debt, interest will be charged at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

7.3 Notices and demands

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

7.4 *Voting rights*

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with your property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

7.5 *Acceleration of repayment of the debt*

At our option, the debt will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws, rules and regulations;
- the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement value;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

7.6 *Insurance*

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. We have the right to approve the insurance company or companies.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However we are not obligated to do this. Any premiums or money which we pay for insurance will be immediately payable by you to us. If you do not pay them, we may add this amount to the debt. If we add this amount to the debt, we will charge interest on the amount at the interest rate shown on the Charge/Mortgage of Land until it is repaid.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;

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- pay you; or
- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

8. Our rights

8.1 We are under no obligation to make advances to you under this mortgage or any agreement

We may, for any reason, decide not to advance you money under this mortgage or any agreement, even if:

- you have signed this mortgage or any agreement;
- this mortgage has been registered; or
- we have already advanced money under this mortgage or any agreement.

8.2 Releasing your property from this mortgage

We may release our interest in all or part of your property, whether or not we receive any value for doing so. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the debt, up to the amount secured. The maximum amount secured under this mortgage is the total of:

- the principal amount;
- interest on the principal amount;
- costs;
- interest on unpaid costs; and
- interest on unpaid interest.

Your obligations, and the obligations of any guarantor, under this mortgage or any agreement will continue unchanged. If your property is subdivided, each part of your property will secure all of the debt.

8.3 Changes and extension of time

We may deal with you and others, including any guarantors, as well as any security we hold as we see fit without affecting our rights. This includes:

- varying your credit;
- granting an extension of time; and
- taking or giving up security that we hold.

Any actions we take will not affect your obligations under this mortgage or any agreement or your responsibility to repay the debt.

8.4 Taking possession

If you are in default on any of your obligations under this mortgage or any agreement, we may, at our option, take possession of your property and you certify that, if we take this action, your property is free from any liens except for those liens we have approved of in writing.

8.5 Enforcing our rights

If you do not make one or more payments when required under this mortgage or any agreement, or if you do not meet one or more of your other obligations under this mortgage or any agreement, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any liens or interference.
- **Appoint a receiver.** We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under this mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
  - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
  - its own commission as receiver;
  - all amounts required to keep any liens ranking in priority to this mortgage in good standing;
  - interest owing under this mortgage; and
  - all or any part of the debt, whether it is due or not.
- **Sue you.** We may take any action that is necessary to collect the debt.
- **Lease your property or collect rents.** If you are in default on this mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on this mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on this mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under any lease, after paying all costs and expenses, to any part of the debt. We will only be accountable for the remaining money when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the debt in full, you must pay us the difference.
- **Power of sale.** If you are in default on this mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the Mortgages Act, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale (after paying all costs and expenses) to reduce any part of the debt. We will be responsible only for the money when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the debt in full, you must pay us the difference.
- **Foreclosure or sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the debt, you must pay us the difference.
- **Cure any defaults.** We can cure any defaults under this mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under this mortgage or any agreement, as well as a reasonable allowance for the time and services of our agents and CIBC employees.

8.6 Delay in enforcing our rights

If we delay enforcing any of our rights, the delay will not affect any of our other rights under this mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage.

We may still require you to make all payments on time and meet your obligations under this mortgage. We may still require payment of the debt if you are in default. We may still require any other person, including a guarantor who has obligations under this mortgage to meet those obligations.

If you are in default, we may require you, or anyone else who is obligated by this mortgage, including any guarantor, to pay the total debt.

8.7 If we do not enforce our rights on a particular default

In some cases, we may not enforce our rights on a particular default by you. However, by doing so, we are not forgiving any other existing default by you, or any other defaults by you in the future.

Any waiver of our rights must be signed by two of our authorized signing officers.

8.8 Court orders and judgments

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under this mortgage or any agreement, including our right to receive interest as required by this mortgage.

If we obtain a judgment against you, we will be able to rely on our rights under both the judgment and this mortgage. The judgment will not affect any other security we have. We will be entitled to interest on any judgment at the interest rate shown on the Charge/Mortgage of Land until we are fully paid.

8.9 Doctrine of consolidation

The doctrine of consolidation will apply to this mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages or agreements with us then we can, as a condition of your repaying any mortgage or any agreement, require that you repay all mortgages and agreements.

8.10 Administration and processing fees

In addition to the administration and processing fees outlined elsewhere in this set of Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of this mortgage or any agreement.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the debt. If we add these fees to the debt, we will charge you interest on these fees at the interest rate shown on the Charge/Mortgage of Land from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on this mortgage or the agreement, or add these fees to the debt. If we add these fees to the debt, we will charge you interest on these fees at the interest rate shown on the Charge/Mortgage of Land from the date the fees are incurred.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available from any CIBC branch in Canada, or by contacting us.

8.11 Certain actions we can take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over this mortgage. Also, we can pay all expenses that we incur in collecting any payment under this mortgage or any agreement that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on this mortgage or the agreement. In addition, we can add these amounts to debt. If we add any of these amounts to the debt, we will charge you interest at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

If you are a tenant or a lessee, under a lease of your property we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on this mortgage or any agreement. In addition, we may add these amounts to the debt. If we add any of these amounts to the debt, we will charge you interest at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

If you do not meet one or more of your obligations under this mortgage or any agreement, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on this mortgage. In addition, we may add these costs to the debt. If we add any of these amounts to the debt, we will charge you interest at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

Any payments we make under this mortgage or an agreement will be added to the debt. We will charge you interest on these payments from the date we pay them at the interest rate stated in the agreement or the interest rate shown on the Charge/Mortgage of Land, whichever is greater. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under this mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

9. What happens if your property is sold or transferred

If you sell or transfer the property, we can, at our option, demand that you pay the entire debt immediately. We can do this even if one or more of the agreements do not contemplate immediate payment. If we do not require you to repay the entire debt, our rights under this mortgage or against anyone who has guaranteed this mortgage are not affected.

10. Guarantee

Each person, corporation and any other entity who signs this mortgage or any agreement as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the debt as and when required by this mortgage or any agreement; and
- to meet all other obligations of the borrower under this mortgage or any agreement.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

If there is more than one guarantor, the guarantors are responsible jointly and individually for meeting all obligations under this mortgage and any agreement. This means that each individual guarantor is responsible for meeting all obligations under this mortgage and any agreement, including payment of the entire debt.

We may, at any time do any of the following, without notifying any guarantor, and without obtaining the consent of any guarantor:

- extend the time for payment;
- give a renewal;
- amend any agreement;
- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of this mortgage; and
- deal with any other matter affecting this mortgage or any agreement and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain a payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

11. Assumption or assignment of this mortgage

This mortgage cannot be assigned by you or assumed by any other person.

12. Communication and notices

If more than one person, corporation or other entity has signed this mortgage or any agreement as borrower, we can rely on any communications we receive from any one of you. These communications may be received electronically, in writing, orally, or by other means. Communications from any one of you will be considered to be communications from all of you.

In addition, communications from us to any of you will be considered to be communications to all of you. Our communications may be sent electronically, in writing, orally, or by other means. Any item we mail to you will be considered to be received by you on the fifth day after we mail it.

13. Expropriation

If your entire property is expropriated, the debt will immediately become payable, together with loss of interest.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will apply it to the debt. If, in our opinion, the remainder of your property does not provide adequate security for the debt, then the debt, or any part of the debt as we determine, will immediately become due and payable, together with loss of interest.

14. *Family Law Act*

You certify to us that all information which you gave us about your marital status and your property when applying for this mortgage or any of the agreements, and all statements made in this mortgage and any of the agreements are true and accurate under the *Family Law Act*.

15. If part of this mortgage is not valid

If any part of this mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts will not be affected.

16. Excluding statutory covenants

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from this mortgage.

17. Reference to laws

Any reference to legislation in this mortgage or any agreement includes any amendments and replacements to that legislation in force from time to time.

18. Collecting, using, and disclosing your personal information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about this mortgage, the debt and any of the agreements;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, and for any indebtedness due under it, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, maintain and collect upon this mortgage and any of the agreements. We will use and disclose your personal information according to our privacy policies which are outlined in our brochure, "Your Privacy Is Protected." This privacy policy may be amended, replaced or supplemented from time to time.

You agree that we may enter into this mortgage and any of the agreements on behalf of another entity, as an agent or nominee, and also that we may assign this mortgage and any of the agreements to another entity. In these cases, the entity is known as the "beneficial owner." We can do this whether or not the beneficial owner is named in this mortgage or any of the agreements. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns this mortgage or any of the agreements. We may also disclose your personal information to any service provider. Service providers are any person or entity that:

- is involved in the servicing, maintenance, collection or operation of this mortgage or any of the agreements; or
- provides services or benefits to you under this mortgage or any of the agreements, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your application for this mortgage, and for any indebtedness due under it, and ongoing information and documentation about you, this mortgage and any of the agreements sufficient for the beneficial owner, agent, assignee and service provider to administer this mortgage and any of the agreements and exercise their rights under them.

19. Discharge

After you have paid us the debt secured by this mortgage and you have met all your obligations under this mortgage and all of the agreements, you may request in writing that we send you a discharge or an assignment of this mortgage.

You will pay our usual administration and processing fee for preparing, reviewing and signing the discharge or assignment and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us. It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee.

If electronic registration is available for this mortgage, we may register on your behalf, if we choose, and you agree to pay us the registration fee. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200644 Date

Appendix 1

Equivalent Interest Rates

If the interest rate specified in this mortgage is compounded monthly, you may determine the equivalent interest rate compounded semi-annually by referring to the table below.

CURRENT MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY NOT IN ADVANCE (%)
1.000	1.00209	**9.000**	9.17045	**17.000**	17.61358
1.125	1.12764	9.125	9.30024	17.125	17.74772
1.250	1.25326	9.250	9.43010	17.250	17.88193
1.375	1.37894	9.375	9.56002	17.375	18.01621
1.500	1.50470	9.500	9.69002	17.500	18.15056
1.625	1.63051	9.625	9.82008	17.625	18.28498
1.750	1.75639	9.750	9.95021	17.750	18.41947
1.875	1.88234	9.875	10.08040	17.875	18.55403
2.000	2.00835	**10.000**	10.21066	**18.000**	18.68865
2.125	2.13443	10.125	10.34099	18.125	18.82335
2.250	2.26057	10.250	10.47139	18.250	18.95811
2.375	2.38678	10.375	10.60185	18.375	19.09295
2.500	2.51306	10.500	10.73238	18.500	19.27785
2.625	2.63940	10.625	10.86298	18.625	19.36282
2.750	2.76580	10.750	10.99365	18.750	19.49766
2.875	2.89228	10.875	11.12438	18.875	19.63297
3.000	3.01881	**11.000**	11.25519	**19.000**	19.76815
3.125	3.14542	11.125	11.38605	19.125	19.90340
3.250	3.27208	11.250	11.51699	19.250	20.03872
3.375	3.39882	11.375	11.64800	19.375	20.17411
3.500	3.52562	11.500	11.77909	19.500	20.30956
3.625	3.65249	11.625	11.91021	19.625	20.44509
3.750	3.77942	11.750	12.04141	19.750	20.58068
3.875	3.90642	11.875	12.17269	19.875	20.71635
4.000	4.03348	**12.000**	12.30403	**20.000**	20.85208
4.125	4.16061	12.125	12.43544	20.125	20.98789
4.250	4.28781	12.250	12.56692	20.250	21.12376
4.375	4.41507	12.375	12.69846	20.375	21.25971
4.500	4.54240	12.500	12.83008	20.500	21.39572
4.625	4.66979	12.625	12.96176	20.625	21.53180
4.750	4.79725	12.750	13.09351	20.750	21.66796
4.875	4.92478	12.875	13.22533	20.875	21.80418
5.000	5.05237	**13.000**	13.35721	**21.000**	21.94047
5.125	5.18003	13.125	13.48916	21.125	22.07683
5.250	5.30776	13.250	13.62118	21.250	22.21326
5.375	5.43555	13.375	13.75327	21.375	22.34977
5.500	5.56341	13.500	13.88543	21.500	22.48634
5.625	5.69133	13.625	14.01766	21.625	22.62298
5.750	5.81932	13.750	14.14995	21.750	22.75969
5.875	5.94738	13.875	14.28231	21.875	22.89647
6.000	6.07550	**14.000**	14.41474	**22.000**	23.03332
6.125	6.20369	14.125	14.54724	22.125	23.17024
6.250	6.33195	14.250	14.67981	22.250	23.30724
6.375	6.46027	14.375	14.81244	22.375	23.44430
6.500	6.58866	14.500	14.94514	22.500	23.58143
6.625	6.71711	14.625	15.07791	22.625	23.71863
6.750	6.84564	14.750	15.21075	22.750	23.85590
6.875	6.97423	14.875	15.34366	22.875	23.99324
7.000	7.10288	**15.000**	15.47664	**23.000**	24.13066
7.125	7.23160	15.125	15.60968	23.125	24.26814
7.250	7.36039	15.250	15.74279	23.250	24.40569
7.375	7.48925	15.375	15.87597	23.375	24.54331
7.500	7.61817	15.500	16.00922	23.500	24.68101
7.625	7.74716	15.625	16.14254	23.625	24.81877
7.750	7.87621	15.750	16.27593	23.750	24.95660
7.875	8.00534	15.875	16.40939	23.875	25.09451
8.000	8.13452	**16.000**	16.54291	**24.000**	25.23248
8.125	8.26378	16.125	16.67650	24.125	25.37053
8.250	8.39310	16.250	16.81016	24.250	25.50865
8.375	8.52249	16.375	16.94389	24.375	25.64683
8.500	8.65195	16.500	17.07769	24.500	25.78509
8.625	8.78147	16.625	17.21156	24.625	25.92342
8.750	8.91106	16.750	17.34550	24.750	26.06181
8.875	9.04072	16.875	17.47950	24.875	26.20028

DATED at Toronto, this 1st day of December, 2006.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200644 Date

Jane Chung
Solicitor for Canadian Imperial Bank of Commerce

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200645 Cote
Filing Date DEC. 15th 2006 Date de Dépôt
Page 1 of/de 25 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

Filing No.

filed by – Bridgewater Bank

STANDARD CHARGE TERMS

These STANDARD CHARGE TERMS shall be deemed to be included in every Charge/Mortgage which refers to them by their filing number, as provided in section 9 of the above Act.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200645 Cote

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1. DEFINITIONS/TERMS YOU NEED TO KNOW

The following are used with particular meanings in this set of mortgage terms:

(a) **CMHC** means Canada Mortgage and Housing Corporation.

(b) **guarantor** means each person who signs the mortgage as a guarantor or covenantor.

(c) **interest adjustment date** is the date identified as the interest adjustment date in the registered mortgage.

(d) **interest rate** is the interest rate identified as the interest rate on the registered mortgage.

(e) **loan amount** means the amount of money you owe us at any given time under this mortgage. The loan amount may include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other charges and interest on other charges. Other charges may include our administration and processing fees and the expenses of enforcing our rights as well as paying off any prior charges against your property.

(f) **mortgage** means the registered mortgage, this set of standard charge mortgage terms, any schedules that are attached to the registered mortgage and any renewals or amendments.

(g) **mortgage insurer** means CMHC, Genworth Financial Insurance Company Canada or other company that insures payment of mortgages to mortgage lenders.

(h) **prime rate** means, on any day, the annual rate of interest which the Royal Bank of Canada establishes at its principal office in Toronto as the reference rate of interest to determine interest rates it will charge on such day for commercial loans in Canadian dollars made to its customers in Canada and which it refers to as its "prime rate of interest".

(i) **principal amount** is the amount of money identified as the principal amount on the registered mortgage.

(j) **registered mortgage** means the form of charge or mortgage which references this set of terms by its filing number and which you sign and is the part of the mortgage that is or will be registered against the title to your property or, where your property is under the electronic registration system, will be signed and registered electronically against title to your property.

(k) **taxes** means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

(l) **we**, **us**, and **our** mean the mortgagee or chargee described in the registered mortgage.

(m) **you** and **your** mean each person, corporation and other entity who has signed the mortgage as a chargor, mortgagor or borrower, including the personal and legal representatives of each person, corporation and other entity.

(n) **your property** means the land described on the registered mortgage. It includes all buildings and structures on the land now or added later, as well as anything attached now or later to the land or to any building or structure on the land. It also includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit or strata lot, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium or strata corporation. Any references to your property mean all or any part of your property.

2. WHAT THE MORTGAGE DOES

2.1 Generally

(a) By signing the registered mortgage, you mortgage and charge your entire interest in your property to us. If you are a tenant or a lessee of your property, you charge and sublease your entire interest in your property to us for the entire term of the lease (except the last day), including any renewals and any option or right of first refusal to purchase.

(b) In return, we make a loan to you for the principal amount, or any part of the principal amount as is advanced to you from time to time. Your interest in your property is security to us for repayment of the loan amount and your performance of all your obligations under the mortgage.

(c) If you have paid off part of the principal amount, we may, but have no obligation to, allow you to borrow additional amounts up to a maximum of the difference between the loan amount and the principal amount. You must meet our then current lending requirements. All additional amounts borrowed are secured by the mortgage in the same priority and bear interest at the rate of the mortgage in effect at that time.

(d) Our interest in your property ends when you have repaid the loan amount in full, as provided in the mortgage, and you have met all of your other obligations under the mortgage.

2.2 Who is bound by the mortgage

(a) The obligations under the mortgage are the responsibility of each person, corporation and other entity who signed it. Even if other persons, corporations or other entities have also signed the mortgage, each borrower and guarantor is responsible for meeting all obligations in the mortgage and paying the entire loan amount.

(b) Your legal and personal representatives and anyone else to whom your property is transferred must also meet the obligations in the mortgage.

(c) Our successors and anyone to whom we transfer the mortgage is also bound by it.

2.3 Building mortgage

If the mortgage is used to finance an improvement (which includes any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you must comply with the requirements set out below:

(a) You must make the improvement only according to plans and specifications that we have previously approved.

(b) You must complete the improvement as quickly as possible.

(c) You must meet all government requirements and building standards that apply to your property. If requested, you will provide us, at your expense, with proof that you have met all government requirements and building standards that apply to your property.

(d) You will pay for all expenses associated with the improvement and provide us with proof that you have paid all money that is owed in connection with the improvement.

(e) We may make advances to you based on progress in completing the improvement or upon its completion. In the case of a building, we may also make advances to you based on its occupancy or the sale of the building.

(f) We may hold back money from any advances until we are satisfied that all obligations under the *Construction Lien Act, Builders Lien Act* or similar legislation regarding payment for contractors and suppliers applicable in the province or territory where your property is located are met. You authorize us to give information about the mortgage to anyone who claims a construction or builders' lien on your property.

(g) We may obtain an order removing any construction or builders' lien, and may provide financial guarantees or other security to obtain such an order. You must immediately pay all of our expenses for obtaining this order, including any charges for providing financial guarantees or other security.

2.4 Changing the mortgage – renewals and amendments including automatic renewals

(a) We may, at our option and by agreement with you in writing, change any part of the mortgage. This change could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage.

(b) The mortgage may also be automatically renewed where before the balance due date we send to you a notice offering to renew the outstanding loan amount at certain rates and terms and you do not respond in writing accepting one of the renewal terms offered, or you do not pay the loan amount in full or you have not made other arrangements for payment or extension with us on or before the balance due date. In that circumstance, you agree the mortgage will be renewed for the term and at the rate for automatic renewal we set out in the renewal notice we send you.

(c) We do not have to register any such written agreement with you on the title to your property to retain our rights under the mortgage against you or any other person including our priority over any other mortgage.

(d) If we make a new agreement with another borrower or person who is obligated to pay the loan amount, you will not be released from your obligations under the mortgage, even if you do not sign or are not advised of the new agreement.

(e) You do not have a right to renew the mortgage. Renewal of the mortgage is at our discretion.

3. INTEREST

3.1 Interest for fixed rate mortgage

(a) If you have a fixed rate mortgage, the interest rate payable by you is shown on the registered mortgage or on the schedule attached to the registered mortgage.

(b) Interest is payable at the frequency shown on the registered mortgage and is calculated semi-annually, not in advance.

(c) Interest is payable on the loan amount at this rate until the loan amount has been paid in full, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.2 Interest for adjustable rate mortgage

(a) If the rate on the registered mortgage refers to the prime rate, you have an adjustable rate mortgage. The interest rate payable by you is the prime rate plus or minus the number of percentage points per annum, if any, shown on the registered mortgage. The interest rate is automatically adjusted monthly on the first day of each month, starting on the month following the interest adjustment date without any notice to you (every date on which such adjustment is made is referred to in this section 3.2 as an "adjustment date"). On each adjustment date, the interest rate for the month will be adjusted and set to the prime rate then in effect, plus or minus the number of percentage points, if any, as shown on the registered mortgage. Within a reasonable time after each change in the interest rate, we may mail to you, at your last known address according to our records, a notice of the changed interest rate and its effective date. The interest rate will vary in accordance with this section even if we fail to send this notice or you fail to receive it.

(b) Interest is payable at the frequency shown on the registered mortgage and is calculated semi-annually, not in advance.

(c) Interest is payable on the loan amount at the rate as determined in accordance with this section, until the loan amount has been paid in full, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.3 Interest on amounts advanced before the interest adjustment date

Interest on advances before the interest adjustment date will be calculated at the interest rate of the mortgage and at our option will be deducted from any part of the principal amount we advance or paid by you to us or debited by us to your bank account monthly with the final payment on the interest adjustment date.

3.4 Compound interest

If you do not make the regular mortgage payment or any other payment when required by the mortgage, we will charge interest (referred to as "compound interest") on all overdue amounts, including unpaid interest. Compound interest is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand it, you must pay us this compound interest immediately. Compound interest is calculated at the interest rate of the mortgage.

4. YOUR REGULAR MORTGAGE PAYMENTS

4.1 Currency and place of payment

Except as provided in Section 4.5, you will pay the loan amount to us in Canadian dollars at the address shown on the registered mortgage or as you may be notified in writing.

4.2 Regular payments

(a) **If the interest rate of the mortgage is a fixed rate**, the amount of each regular payment, which includes principal and interest, is as shown on the registered mortgage.

(b) **If the interest rate of the mortgage is an adjustable rate**, the amount shown on the registered mortgage, which includes principal and interest, is the payment that would have to be made based on the rate in effect at the time the mortgage is made.

Your regular payment amount will be adjusted with changes in the interest rate as follows:

(i) The amount of each regular payment will change with each adjustment in the interest rate to an amount sufficient to pay all interest that will accrue up to and including the next payment date, plus the amount of principal we determine is required to be paid to maintain the amortization of the mortgage, as adjusted for any prepayments you may have made. This amount will be your new regularly scheduled payment amount until the payment amount is again changed following an adjustment in the interest rate. This applies to your mortgage unless when the mortgage is made or by subsequent agreement we agree with you that your payment amount will change as set out in (ii) below.

(ii) The amount of each regular payment is fixed and will change only in the event the interest rate is adjusted to an amount that your regular payment will no longer pay the interest that will accrue to the next payment date. Therefore, if the interest rate decreases, less of your regular payment goes toward paying interest and more goes toward paying off the principal amount. Conversely, if the interest rate increases, more of your regular payment goes toward paying interest and less goes toward paying off the principal amount.

If the interest rate does increase to the point that your regular payment amount no longer covers the interest portion of your regular payments, we will automatically increase your regular mortgage payment by increments of three dollars ($3.00) until the payment amount covers all accrued interest since your last payment. Your regular payment will remain at the increased amount for the rest of the term of the mortgage, unless we agree with you on a new amount or after a further adjustment in the interest rate your regular payment again falls short of covering the interest portion of your payment.

(c) You must make these regular payments on the dates set out in the registered mortgage, starting with the first payment date up to and including the balance due date.

4.3 Changing the frequency of your regular payments

(a) At your request we may permit you to change the frequency of your regular payments to weekly, bi-weekly, semi-monthly or monthly. A weekly payment is equal to ¼ of a monthly payment and is payable every seven (7) days. A bi-weekly payment is equal to ½ of a monthly payment and is payable every fourteen (14) days. A semi-monthly payment is equal to ½ of a monthly payment and is payable on the first and fifteenth day of every month.

(b) On a change of payment frequency an interest adjustment amount may be payable and we may charge an administration and processing fee. Such amounts shall be immediately payable or may at our option be added to the loan amount.

(c) In addition to any other remedy we might have under the mortgage, if you have changed your payment frequency to weekly, bi-weekly or semi-monthly and you are in default of payment of an amount which exceeds two (2) weekly payments, or one (1) bi-weekly or semi-monthly payment as applicable, your payment frequency will, at our option without prior notice to you, revert to the monthly payment frequency set out in the registered mortgage. Any interest adjustment amount will be immediately payable or, at our option, added to the loan amount.

(d) Amounts payable on account of taxes and insurance with your regular mortgage payment will at all times be payable at the same frequency and calculated in the same manner as your regular payments.

4.4 Payment of loan amount on balance due date

You must pay any outstanding balance of the loan amount on the balance due date shown on the registered mortgage.

4.5 Bank account for payments

You must maintain a bank account with a bank, trust company or credit union in Canada and provide authorization in a form satisfactory to us to automatically debit each regular payment and any other payments when due. You must make sure that the account always contains sufficient funds to make each payment. If you do not maintain sufficient funds in the account, or if you cancel the authorization to debit payments, or if you close the account, we may declare you to be in default on your mortgage.

4.6 How we apply your payments

We will apply regular payments we receive from you in the following order: (a) to pay life insurance premiums on the mortgage (if applicable); (b) to bring into good standing any accounts related to the mortgage in which we hold funds for payment to others or from which amounts are debited, including tax accounts (if applicable); (c) to pay any collection expenses and applicable administration and processing fees; (d) to pay interest accumulated up to, but not including, the payment date; and (e) to reduce the principal amount. However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive in whatever order we choose.

5. HOW THE MORTGAGE CAN BE PAID OFF EARLIER

5.1 Partial prepayment without a prepayment charge

You may pay off some of the mortgage early without prepayment charges as follows:

(a) *Increase Regular Payments.* You may increase the amount of your regular payment at any time or times. The total of these increases during the term of the mortgage cannot be more than twenty percent (20%) of the original regular payment amount.

(b) *Annual 20% prepayment.* You may in each year of the mortgage prepay without penalty an amount not greater than twenty percent (20%) of the original principal amount of the mortgage. You may make more than one prepayment in a year, but the total of all prepayments without a prepayment charge cannot be more than twenty percent (20%) of the original principal amount and each prepayment must be for an amount not less than five hundred dollars ($500.00). If you do not prepay 20% of the original principal amount in a year, you cannot carry forward any unused portion to a future year.

5.2 How you prepay more of your mortgage or in full with a prepayment charge

If you want to prepay more than 20% of your mortgage in any year or prepay your mortgage in full, you may do so only with payment of the prepayment charge set out below in section 5.3. You must ask us to provide you with a statement of the required payment amount. You can specify the date you want to make the prepayment. That date cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the prepayment or payout date and the date you ask us to prepare the statement is called the statement preparation date.

We will calculate the prepayment charge using the interest rate of the mortgage in effect and the Canada Bond yield reported as the wholesale bid side yield at the opening of business at Toronto on the statement preparation date. We will also first allow the amount, if any, of the annual 20% prepayment privilege you have not used in that year. The prepayment charge will not vary with any change in the prime rate (if you have an adjustable rate mortgage) or the Canada Bond yield during the 30 day statement period.

All payments on the mortgage must be made as they become due during the statement period. The statement cannot be used for payment more than 30 days after the statement preparation date.

5.3 Prepayment charge

The prepayment charge to pay off more of the mortgage early or pay out all of the mortgage before the balance due date is

(a) the greater of (i) the amount as determined by us that is the difference in the interest calculated on the principal amount being prepaid over the remaining term of the mortgage between (A) the mortgage interest rate and (B) the yield of a Government of Canada Bond with the same remaining term, and (ii) three months interest at the mortgage interest rate, calculated on the principal amount being prepaid; except that

(b) where the mortgage has a term of more than five years and the prepayment in full is being made at any time after the 5th year of the term, the prepayment charge will be three months interest on the outstanding principal amount calculated at the mortgage interest rate.

5.4 Prepayments generally

In order to qualify for any of the early payment options set out in sections 5.1 and 5.2, you must have met all your obligations under the mortgage. For these early payment options, a year means the twelve (12) month period that starts on the interest adjustment date and on each anniversary of the interest adjustment date. Each partial prepayment under any partial prepayment option (other than by increase in your regular payment amount) must be in a minimum of at least $500.00.

After each partial prepayment made, you must continue to make your regular mortgage payments.

6. CASH BACK MORTGAGE

If you receive a Cash Back amount as an incentive on the making of the mortgage by way of a cash payment or a discount on the interest rate calculated over the term of the mortgage, you must repay us all or a portion of the Cash Back received if you prepay the loan amount in full or the mortgage is amended, refinanced, ported, assumed or early renewed. If such an event occurs, the repayment amount will be:

(a) if your mortgage is for the term of five (5) years:

  (i) one hundred percent (100%) of the Cash Back received, if the event occurs prior to the first anniversary of the interest adjustment date;

  (ii) eighty percent (80%) of the Cash Back received, if the event occurs prior to the second anniversary of the interest adjustment date;

  (iii) sixty percent (60%) of the Cash Back received, if the event occurs prior to the third anniversary of the interest adjustment date;

  (iv) forty percent (40%) of the Cash Back received, if the event occurs prior to the fourth anniversary of the interest adjustment date;

  (v) twenty percent (20%) of the Cash Back received, if the event occurs prior to the fifth anniversary of the interest adjustment date.

(b) if your mortgage is for a term of three (3) years:

  (i) one hundred percent (100%) of the Cash Back received, if the event occurs prior to the first anniversary of the interest adjustment date;

  (ii) sixty seven percent (67%) of the Cash Back received, if the event occurs prior to the second anniversary of the interest adjustment date;

  (iii) thirty three percent (33%) of the Cash Back received, if the event occurs prior to the third anniversary of the interest adjustment date.

This repayment is separate from other prepayment charges. We may add the repayment amount to the loan amount owing and secured by the mortgage at the time of the prepayment, amendment, discharge, refinancing, port, assumption or early renewal.

7. CONVERTING THE MORTGAGE

7.1 Converting adjustable rate mortgages and variable rates mortgages

If the interest rate of the mortgage is an adjustable rate, you may convert the mortgage to another closed mortgage offered by us if: (i) you have always met your obligations under the mortgage and (ii) the term of the mortgage you are converting to is equal to or greater than the remaining term of this mortgage. The mortgage will be converted when you send to us a request in writing. The request should be sent to our address as shown on the registered mortgage or to such other address as we may later advise you in writing. The interest rate for the converted mortgage will be our posted interest rate in effect on the date the written request for conversion is received by us. The conversion will take effect on the next adjustment date (as that term is defined in section 3.2) following receipt by us of the written request for conversion, provided that we receive your request at least ten (10) business days prior to that adjustment date. If we receive your request less than ten (10) business days prior to an adjustment date, the conversion will take effect on the next following adjustment date. Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply. Any prepayment privileges will be contained in the converted mortgage. You will be responsible for the payment of our then current administration and processing fee for converting the mortgage.

8. PORTABILITY - MOVING THE MORTGAGE TO ANOTHER PROPERTY

8.1 Generally

If you have met all your obligations under the mortgage and you have agreed to sell your property and purchase another property within sixty (60) days of the sale of your original property, we may provide financing for the purchase of the new property. You will be required to give us a mortgage on your new property.

8.2 Conditions

In order for us to provide financing for the purchase of the new property, the following conditions must be met:

(a) You must apply to us for financing the new property in writing.

(b) The term of the new mortgage must be equal to the remaining term of this mortgage.

(c) The sale of your original property must be to a bona fide arm's length purchaser.

(d) On the date you complete the sale of your original property, the loan amount must be paid in full, including all applicable prepayment charges.

(e) If the principal amount of the new mortgage is the same as or greater than the principal amount still owing on the original mortgage on the date of prepayment and the new mortgage is advanced to you within sixty (60) days of the prepayment of the original mortgage, we will refund the prepayment charge to you.

(f) If the principal amount of the new mortgage is less than the principal amount still owing on the original mortgage on the date of prepayment and the new mortgage is advanced to you within sixty (60) days of the prepayment of the original mortgage, we will refund to you that portion of the prepayment charge which relates to the portion of the principal amount still owing on the original mortgage on the date of prepayment which is equal to the principal amount of the new mortgage.

(g) Our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage must be met. This includes the requirements of the mortgage insurer, if applicable.

(h) You must pay all applicable processing or administration fees, all legal and appraisal fees and other expenses incurred in connection with the new mortgage.

8.3 Interest rate of new mortgage

The interest rate applicable to the original mortgage and the balance due date of the original mortgage will apply to the new mortgage.

9. ASSUMPTION OF THE MORTGAGE IF YOUR PROPERTY IS SOLD

(a) If you transfer title, or agree to transfer title, to your property to anyone without first obtaining our written approval, we may require you to pay the loan amount immediately in full. If we accept any payment from any person who we have not first approved in writing, this does not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount immediately in full.

(b) You agree to give us sufficient information to enable us to decide whether we should give our written approval. Once we receive this information, we will make our decision as soon as possible. We will not unreasonably withhold our approval.

(c) If you exercise this privilege, there may be an administration and processing fee. You must pay us these fees immediately.

(d) We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if: (i) we give our written approval to you to transfer title to your property; (ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and (iii) you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons, and, if we request it, one or more guarantee agreements.

10. YOUR PROMISES AND OBLIGATIONS

10.1 Payments

(a) You agree to pay the loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage. Should you make any claim against us for any matter relating to the mortgage or life insurance or other insurance for payment of all or any part of the loan amount, you will provide such claim without abatement or set-off or otherwise diminishing your obligation to make all payments as they become due.

(b) You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately.

10.2 Your property and the mortgage

(a) You certify that you have the right to give us this mortgage.

(b) Unless you are a tenant of your property and Section 10.3 applies, you certify that you are the lawful owner of your property.

(c) You certify that there are no encumbrances or limitations affecting title to your property (such as other mortgages, or construction or builders' liens), except those that we have agreed to in our loan commitment document and except building and zoning by-laws that you have complied with.

(d) You agree that, at your expense, you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured.

(e) You will take any necessary action to protect your title to your property and will not interfere in any way with our interest in your property.

10.3 Properties which you lease from others

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

(a) Your property is leased to you under a valid lease, you have given us a complete copy of that lease, and you have good leasehold title to your property.

(b) All rents and other amounts payable under the lease have been paid up to the date you sign the mortgage.

(c) You have met all of your obligations under the lease up to the date you sign the mortgage.

(d) Your landlord has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence (in writing and satisfactory to us) that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you.

(e) There are no liens or limitations on your interest in the lease except those identified in the lease, or registered against the title to your property, or contained in building and zoning by-laws.

(f) You and your landlord have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.

(g) You will pay all rents and all other payments required by the lease when they are due.

(h) You will meet all of your other obligations under the lease.

(i) You will not surrender your lease or cause the lease to be terminated.

(j) You will not make any change in the lease without first obtaining our written consent.

(k) You will give us a copy of any notice, demand or request that you receive relating to the lease. You must give this to us immediately after you receive it.

(l) You will protect and indemnify us from all actions, claims, costs and demands if you default on the lease.

(m) You will hold your property for the last day of the term of the lease, or the last day of any renewal term of the lease, in trust for us. You will only deal with your property on the last day in the way that we require. You will have the same rights arising from this paragraph of your mortgage as you already have under the rest of the mortgage and under the law. You agree that we may remove you or any other person as trustee of this trust, and that we may appoint a new trustee.

(n) At our request, you will transfer to us the last day of the term of the lease, or the last day of any renewal term of the lease. You must pay all expenses related to this transfer.

(o) If we enforce our rights under the mortgage, including selling your property under power of sale, then you will hold the last day of the term of the lease, or the last day of any renewal term of the lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors.

(p) You appoint us as your attorney so that we may assign the lease and the last day of the term of the lease, or the last day of any renewal term of the lease, on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under the mortgage, including our right to sell your property under power of sale.

10.4 **No other mortgages without consent**

You agree that you will not make another mortgage on your property and not use your property as security for any other debt without our prior written approval.

10.5 Owner-occupied properties

If the mortgage is approved by us for occupancy of your property by you and your family as your residence, you certify that no part of your property is rented or occupied by a tenant. You also agree not to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease on your property.

10.6 Rental properties

(a) If your property is a rental property, you must obtain our consent to any rental or any renewal. You must also assign to us all leases, lease agreements and any renewals, and all rents payable under these leases and agreements, and all rights under these leases and agreements as they affect your property.

(b) You transfer and assign to us all leases, lease agreements and renewals, all rents payable under the leases and agreements and all rights contained in the leases, lease agreements and renewals that affect your property.

(c) Upon our request:

  (i) You will obtain and provide for estoppel certificates from tenants (i.e. written statements from the tenants certifying, among other things, the terms of the lease and any promises made to them about the lease).

  (ii) You will give us security on fixtures, equipment and other movable property or chattels relating to the rental property as we may require.

  (iii) You will pay all of our expenses related to the assignments and additional security, including legal fees and registration costs.

(d) If you do not meet one or more of the obligations set out in this section, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the loan amount immediately and in full. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

(e) We are not obligated to collect any rent or income from your property nor to comply with any part of a lease or agreement related to your property. Furthermore, nothing we do under this section will be considered as us taking possession of your property.

(f) If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property and/or be considered to have done this to adversely affect the value of our interest in your property.

10.7 Property taxes

(a) You will ensure property taxes are always paid on time. You will ensure such payment by enrolling, where available, in a local Tax Instalment Payment Program which includes preauthorized debit of tax instalments to your account. You must then each calendar year, after the last tax payment has been made, provide to us receipted tax bills or other satisfactory proof of payment of property taxes. This is your obligation unless we choose to pay taxes as set out in parts (b) and (c) of this section below.

(b) On or before the interest adjustment date, we may withhold from any advance under the mortgage or require you to pay out of any advance of the mortgage any amount we feel necessary to pay current or anticipated future taxes.

(c) We may at any time on notice to you require that you pay to us on each regular mortgage payment date a tax instalment in an amount based on the estimated annual taxes (as determined by us) sufficient for us to pay the taxes for the ensuing year. In the event we require such tax instalments:

(i) You will pay the instalment on account of taxes on each regular mortgage payment date.

(ii) If the taxes on your property are more than our estimate, or if for any other reason the amount you have paid to us for taxes is less than the amount we have paid for taxes on your property, you will pay us interest at the mortgage rate on the difference and will immediately pay us the difference when we ask you to.

(iii) You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices.

(iv) If you want to take advantage of any discount or avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

(v) We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

(vi) If you do not meet any one or more of your obligations under the mortgage, we may apply any money that we have received for property taxes to any portion of the loan amount.

(vii) You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

10.8 Insurance (this section does not apply if your property is a residential condominium unit or strata lot)

(a) You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid. Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

(b) All insurance policies must be carried with a company that is satisfactory to us, contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us, and give us the first right to receive and to have a lien on the insurance proceeds.

(c) If we ask you to, you must provide us with certified copies of all insurance policies. At least fifteen (15) days before any insurance policy expires, you must provide us with evidence that you have renewed the policy.

(d) If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately.

(e) If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under the mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. For example, we may use part or all of the insurance money to repair or rebuild your property, reduce any part of the loan amount, whether it is due or not, including paying any prepayment charges that are payable, or pay you.

10.9 Repairs

(a) You must keep your property in good condition and in a good state of repair. You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

(b) You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

(c) If you do not keep your property in good condition and a good state of repair or if you do not carry out all necessary repairs, or if you do anything, or you allow anything to happen, that lowers the value of your property, or if you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property, we can make any repairs we think are necessary.

(d) You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

(e) You are responsible for the costs of any repairs and any inspections done by us or on our behalf. You must pay us these costs immediately.

10.10 Demolitions and alterations

You agree not to demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval. You also agree not to make any substantial alterations, additions or improvements to your property (referred to collectively in this section as "alterations") without first obtaining our written approval of your proposed plans. If we agree to let you make alterations, the following conditions apply:

(a) The alterations must be completed as quickly as is reasonably possible.

(b) The alterations must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the alterations meet all government requirements and building standards.

(c) You will pay all costs associated with the alterations, and you will provide us with proof that all amounts that are owed for the alterations have been paid.

(d) You must retain all required holdbacks.

(e) We may obtain an order removing any construction or builders' lien and may provide financial guarantees or other security to obtain this order. If we obtain an order, you must pay to us immediately all of our charges, costs and expenses related to obtaining it.

10.11 Hazardous and illegal substances

(a) You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property or any land next to your property is, or has been, or will be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

(b) You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

(c) We may require you to obtain an environmental audit, satisfactory to us, of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. Any environmental audit will not relieve you from your obligations under the mortgage. We can require as many environmental audits as we think necessary.

(d) If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must be prepared in consultation with us and must be approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

(e) If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for all of the costs associated with this.

(f) In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

10.12 Property inspection, testing and investigation

(a) We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately.

(b) If your mortgage has mortgage insurance, the mortgage insurer or its agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the costs of any testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately.

(c) If we or the mortgage insurer enforce our rights under this section, we, the mortgage insurer or our respective agents will not be considered to have taken possession, management or control of your property.

10.13 Illegal activities

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

10.14 Administration and processing fees

(a) You agree to pay to us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, or statements for information purposes, a transfer of the mortgage to another party, any failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account, any replacement of cheques if a payment has been refused because of insufficient funds, or any other reason related to the administration of your mortgage. You also agree to pay us, when due, our then current fees for providing any services of an administrative or clerical nature requested by you, such as courier charges, copies of documents from your file or duplicate documents.

(b) We may add our fees to the loan amount secured by the mortgage and we will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

(c) We have the right to change the fees we charge from time to time without notifying you. You can contact us to find out the fees in effect at any particular time.

10.15 New home warranties

If your property includes a newly or recently constructed house, you agree to meet all of the requirements to obtain and maintain the warranty in the new home warranty program applicable in the province or territory your property is located. You agree to provide to us copies of the New Home Warranty Certificate and Certificate of Possession or other applicable certificates. You also agree to reimburse us for any costs that we incur in complying with the warranty program requirements, or enforcing your rights on your behalf if you fail to do so.

10.16 Assumption of mortgage

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage.

10.17 Expropriation

If your entire property is expropriated, the loan amount will immediately become due and payable, together with loss of interest, including any prepayment charges. If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, together with any loss of interest, including any prepayment charges.

10.18 Spousal information

You certify to us that all information that you give us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made in the registered mortgage are true and accurate under the laws regarding spousal property rights in the province or territory in which your property is located.

10.19 Withholding taxes

You agree that we must receive interest payments free and clear of any withholding tax. If you are or become a non-resident of Canada for income tax purposes, the country where you reside may charge you withholding tax on the interest portion of your payments to us. You are responsible for paying any withholding tax and providing to us receipts issued by the foreign tax authority as proof that you have paid withholding tax. If you do not pay the withholding tax and the foreign tax authority makes us pay it, you promise to pay the withholding tax amount to us when we ask for it. The amount will be added to the loan amount until paid.

11. OUR RIGHTS AND REMEDIES

11.1 No obligation to make advances under the mortgage

We may, for any reason, decide not to advance you all or any part of the principal amount, even if you have signed the mortgage, the mortgage has been registered or we have already given you part of the principal amount. In this case, you will pay us, immediately when we demand, all of our costs and expenses including legal fees related to investigating title to your property and for registering the mortgage.

11.2 Releasing your property from the mortgage

(a) We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive. If we release our interest in only part of your property, the remainder of your property will continue to secure the loan amount and your obligations, and the obligations of any guarantor, under the mortgage will continue unchanged.

(b) If your property is subdivided, each part of your property will secure payment of the loan amount.

11.3 Certain actions we can take

(a) We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. You must immediately pay us these expenses.

(b) If you are a tenant or a lessee of your property, we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses that we incur in so doing. If you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage.

(c) If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. You must immediately reimburse us for all payments which we make and costs which we incur in taking these steps.

(d) Any payments we make under the mortgage will be added to the loan amount. We will charge you interest on these payments from the date we pay them at the mortgage interest rate.

(e) If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs associated with so doing.

11.4 Default and acceleration of the loan amount

The loan amount will become payable immediately, at our option, if:

(a) you default in making any regular mortgage payment, or any other payment you are obliged to make to us under the mortgage;

(b) you fail to comply with any of your other obligations under the mortgage;

(c) any lien is registered against your property or we receive written notice of any lien that is created as a result of unpaid property taxes, utilities, unpaid condominium or strata maintenance fees, judgments, construction or builders' liens or other similar encumbrances;

(d) your property is abandoned or is not visibly and consistently occupied;

(e) any buildings being erected or additions, alterations or improvements done on your property remain unfinished without work being done on them for fifteen (15) consecutive days;

(f) your property is used for any illegal purpose or is used for a business purpose without our consent;

(g) you sell or otherwise dispose of your property or mortgage your property to a person not approved in writing by us;

(h) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage is untrue;

(i) if the property includes a condominium unit or strata lot, a vote authorizes termination of the condominium or strata property or the sale of all or substantially all of the condominium corporation's or strata corporation's assets or its common elements or the condominium corporation or strata corporation fails to insure the unit or strata lot and common elements; or

(j) a petition in bankruptcy is filed against you, you make a general assignment for the benefit of your creditors, a receiver or a similar person is placed or is threatened to be placed in control of your affairs or your property, or in our opinion, you become insolvent.

If the loan amount so declared immediately payable is paid prior to the balance due date, you agree to compensate us by payment of a prepayment charge equal to three (3) months interest at the interest rate of the mortgage. Where default continues to or is made after the balance due date, the outstanding amount may only be paid upon payment of three (3) months interest on the loan amount or three (3) months written notice in place thereof. You also agree to repay the proportionate part of the Cash Back amount you received for the remainder of the term calculated in accordance with section 6. You further agree that we may recover such prepayment charge and Cash Back amount from the proceeds of any sale of your property or other proceedings for enforcement of the mortgage.

11.5 Enforcing our rights

(a) If any of the events set out in section 10.4 occurs, we may, with or without declaring the loan immediately payable, enforce our rights by taking certain actions, which include:

  (i) *Sue you.* We may take any action that is necessary to recover payment of all or any part of the loan amount and to make you perform any of your other obligations under the mortgage.

  (ii) *Foreclosure or sale.* We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

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(iii) *Lease your property or collect rents*. We may with or without entering on the property lease your property without notice to you. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.

(iv) *Power of sale*. We may, where permitted by law and on the minimum period of written notice to you required by law, sell your property or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale, after paying all costs and expenses, to reduce any part of the loan amount. We will only be responsible for the money remaining after we pay all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.

(v) *Enter on your property*. We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference.

(vi) *Appoint a receiver*. We can appoint, in writing, a receiver (which term includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, insurance premiums and other expenses required to keep your property in good condition; its own commission as receiver; all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; interest owing under the mortgage; and all or any part of the loan amount, whether it is due or not.

(vii) *Cure any defaults*. We can cure any defaults under the mortgage.

(viii) *Other action*. We can take any other steps or proceedings against you that are permitted by the laws of the province or territory in which your property is located and the laws of Canada.

We have the right to take one or more of these actions at the same time or in any order we choose.

(b) If we take possession of your property to enforce our rights, you will not interfere with our possession or with the possession of your property by any receiver we appoint or with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

(c) If we take possession of your property, any equipment (which is not part of the property) or furniture or household or personal belongings which remain on your property for a period of more than six (6) days after we take possession of your property shall be deemed abandoned and we may remove, store, dispose of or otherwise deal with such abandoned goods in such manner as we see fit. Removal, storage and other costs may be added to the amount secured by the mortgage.

(d) You must pay all of our expenses related to our enforcing our rights (including legal fees in any court proceedings on a solicitor and client or substantial indemnity basis). You must pay these amounts immediately when we ask for them. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees.

(e) If we delay enforcing any of our rights or give you or any other person an extension of time, the delay or extension will not affect any of our other rights under the mortgage. If we delay or give an extension, we may still require you to make all payments on time and meet your obligations under the mortgage; require payment of the loan amount if you are in default; and require any other person who has obligations under the mortgage, including a guarantor, to meet those obligations.

(f) In some cases, we may not enforce our rights on a particular default. However, by doing so, we are not forgiving any other existing default, or any other defaults in the future.

(g) If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage.

11.6 Doctrine of consolidation

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

12. IF YOUR PROPERTY IS A CONDOMINIUM UNIT OR STRATA LOT

If your property is a condominium unit or strata lot you must also comply with this section in addition to all other provisions of the mortgage. In this section, condominium also means strata, condominium unit also means strata lot and condominium corporation also means strata corporation.

In this section, *Condominium Act*, *Strata Property Act* or similar legislation governing a condominium or strata property in the province or territory in which your property is located, is called the Act. Expressions used below which are the same as those in the Act have the same meaning as those in the Act, except that the expression condominium property has the same meaning as the word property in the Act.

(a) Compliance with the Act

You will comply with all of the requirements of the Act and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

(b) Payment of common expenses and other amounts

You must pay common expenses and any other amounts charged by the condominium corporation on or before they become due. If we ask, you must give us proof that you have paid all of these amounts.

(c) **Notices and demands**

You will forward to us, copies of all communications of the condominium corporation related to your condominium unit or the common elements, including notices, assessments, claims or demands for payment, rules or regulations, requests or demands of us to consent to any matter. You must ensure that we receive these communications at least five (5) days before any claim or demand is payable or, in the case of other communications, within five (5) days of the date you receive them.

(d) **Voting rights**

(i) You authorize us, in your name and on your behalf, and whether or not you are in default to exercise your right to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Act to the condominium property or to your property.

(ii) We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

(e) **Insurance**

Under the Act, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us. You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy. If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen (15) days before the termination of any insurance we may (but are not obligated to) obtain insurance for the buildings or improvements. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds, as permitted by law, to repair the damage, pay you or reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

13. GUARANTORS

(a) In return for us making the loan to you (in this section 13 called the "borrower" and which includes the borrower's legal and personal representatives, successors and assigns), each person who signs the mortgage as a guarantor or covenantor signs as a principal debtor and not as surety. In other words, each guarantor agrees to pay us the loan amount to meet all other obligations of the borrower as and when required by the mortgage.

(b) If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage.

(c) We may, at any time, do any of the following, without notifying any guarantor and without obtaining the consent of any guarantor: extend the time for payment, give a renewal, give an extension, deal with additional security, give a release or discharge, change the interest rate, change the terms of the mortgage or deal with any other matter affecting the mortgage and the borrower's obligations. Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

(d) We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any other guarantor.

14. DISCHARGE

After you have paid us the loan amount, we will sign a discharge and send it to you within a reasonable time. Alternatively, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge. You will pay our usual administration and processing fee for preparing, reviewing and signing any such documents and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us. It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

15. MISCELLANEOUS

15.1 Date of mortgage

For the purpose of defining the date of the mortgage with respect to any statutory rights to prepayment only, the date of the mortgage will be deemed to be the interest adjustment date set out in the registered mortgage.

15.2 Exclusion of statutory covenants

The covenants implied or incorporated into a mortgage by statute in the province or territory in which your property is located, to the extent permitted by statute, are excluded or overridden by the terms of this mortgage.

15.3 *National Housing Act*

If the mortgage is CMHC insured, it is made according to the *National Housing Act*.

15.4 Part of mortgage invalid

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

15.5 Headings

All section headings are for convenience of reference only and do not form part of the mortgage.

15.6 Governing law

The mortgage shall be governed by the laws of the province or territory in which the property is located and the laws of Canada applicable in the province or territory. Any reference in the mortgage to an act or statute includes amendments and replacements to that legislation in force from time to time.

DATED the 7th day of December, 2006.

BRIDGEWATER BANK
by its solicitors
Gowling Lafleur Henderson LLP
Per:

Harry R. VanderLugt

FILED: December , 2006

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200645 ..... Date